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# China Report

RED FLAG

No 8, 16 APRIL 1986

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2 JUNE 1986

## CHINA REPORT

### RED FLAG

No 8, 16 APRIL 1986

Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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## GIVE PLAY TO THE CREATIVE SPIRIT

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["Forum"]

[Text] If we want to open up a new prospect in our unit or in our work, we must not pin our hopes on the overall management of the higher authorities or certain leaders. Marxism acknowledges the role of individuals, but in the cause led by the party, we must mainly rely on the party organization, on the collective, on the correct policies and principles, and on mobilizing the initiative and creativity of the cadres and masses. Lenin said that socialism with vigor and creativity is created by the masses of people. This is a brilliant idea of historical materialism. Compared with the 1950's, the current situation and tasks are much more complicated. The past method that all matters are subject to the overall management of the higher authorities is already inapplicable. Over the past few years since the 3d Plenary Session of the 11th CPC Central Committee, the work method of the CPC Central Committee has greatly changed. Great attention has been paid to developing a democratic style of work and respecting the creative initiative of the broad masses of cadres and people. The purpose of our reform is exactly to give full play to the initiative, enthusiasm, and creativity of the millions upon millions of masses. Under the old economic system, overall management from above was emphasized. It was believed in this management that the more rigid the better. Practice has proved that this is not correct. Without the initiative and creativity of the broad masses of cadres and people, we cannot build socialism successfully.

Over the past few years, some young cadres have been promoted to leading posts at various levels. An important requirement for the new leading bodies is that they should have initiative and creativity. If the leading bodies lack lofty aspirations and the spirit of dedication and creative initiative, they will surely be unable to give full play to the initiative and creativity of the cadres and masses in their areas and units. In order to open up a new prospect, the new leading bodies are also required to pay attention to strengthening the unity in their units while giving play to the initiative and creativity of the masses. Young comrades must respect the old, and old comrades must help the young. In matters concerning people and things, we must adhere to the law of one divides into two and prevent one-sided views. Giving play to initiative and creativity means exploration and blazing new

trails. While blazing new trails, we may possibly deviate from old regulations, experience, and habits and may possibly commit mistakes and run risks. We must not negate the achievements of reform or become too cautious merely because we have said or done something wrong due to inexperience. Only when we adopt a realistic attitude toward matters concerning people and things and analyze them in an appropriate way can we unite with our comrades and further carry out the reform. In order to give play to the initiative and creativity of the masses, it is also necessary to oppose liberalism. A small number of people like to spread hearsay and gossip about others behind their backs. This is an expression of an unhealthy party style. Spreading hearsay and gossip about others behind their backs is not good for anybody, including the gossipers themselves. It can harm the party's cause, undermine unity, sap morale, and weaken combat strength. It is necessary to encourage the style of speaking frankly and sincerely and placing problems and views on the table. No one should say anything harmful to our unity. Many comrades cherish the memory of Comrade Ren Bishi, because he was impartial and upright. He always set a good example and was good at uniting with his comrades. He was also good at handling intraparty relations. Our comrades in the new leading bodies should earnestly learn from the revolutionaries of the older generation.

In order to give play to the initiative and creativity of the masses, it is necessary to encourage the style of going deep into reality and pooling the wisdom of the masses and, on this basis, dare to think, to act, and to assume responsibility independently. It is necessary to encourage the style of proceeding from reality and working in a creative manner under the guidance of the policies and principles of the central authorities and the principle of serving the overall situation of national construction. Of course, we will certainly encounter all kinds of difficulties. However, if there will be no difficulties, what is the use of us leading cadres? If we have really considered something very carefully and deem it a correct thing to do, we must do it resolutely and conscientiously. When doing something, it is difficult for everybody to feel satisfied and pleased or hold exactly the same view. It will be good if most people feel satisfied and pleased with our work. If we are afraid of offending a small number of people and do not carry out the work supported by the great majority, we are actually offending the latter.

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POOL THE WISDOM AND EFFORTS OF EVERYONE TO STRUGGLE FOR THE FULFILLMENT OF THE SEVENTH 5-YEAR PLAN

Beijing RED FLAG in Chinese No 8, 16 Apr 86 pp 3-9

[Speech by Comrade Hu Qili on 23 March 1986 at a meeting of party members attending the Fourth Session of the Sixth NPC and CPPCC National Committee]

[Text] I. On the Situation

A correct analysis and understanding of the situation serves as our guideline in laying down tasks, making policy decisions, and formulating principles and policies, and provides a basis for achieving unity in thinking, will, and action throughout the party. The principles and policies of the CPC Central Committee are formulated in light of the overall situation and its requirements. Only by gaining a comprehensive and correct understanding of the situation is it possible to profoundly understand the basis on which the CPC Central Committee formulates various principles and policies, and thus to raise our consciousness in implementing them in our action.

At present, the political and economic situation in our country is excellent.

We have taken an important step forward in our reform. The reform is being launched full swing from the rural areas to the cities and from the economic to the scientific and technological, educational, military, and political fields. It is developing soundly and steadily.

We have fulfilled the Sixth 5-Year Plan in an all-round way. During the Sixth 5-Year Plan period, the gross value of China's industrial and agricultural production increased by an average of 11 percent annually and the GNP by 10 percent. What does such an economic growth mean? Compared with our past performances, the rate was more or less equal to that in the First 5-Year Plan period but higher than those in the other 5-year plan periods. Compared with other countries the rate was also higher than that of the major countries in the modern world, for the same period.

As an economically underdeveloped country, we should have the necessary growth rate to either increase our national strength or to improve the people's living standards. It should neither be too low nor too high. Our growth rate in the Sixth 5-Year Plan period was relatively rapid. With the exception of

superhigh industrial growth in the first half of last year, which indeed contained some abnormal factors, the economic situation in the Sixth 5-Year Plan period as a whole was good and constituted the principal aspect. Because remarkable successes have been achieved in reform, the economy as a whole has been invigorated, and the initiative in various quarters has been aroused.

With the development of the economy, the people's living standards in urban and rural areas have markedly improved. This is evident to all and all comrades also know from their own experience. In the Sixth 5-Year Plan period, after allowing for price increases, the peasants' per capita net income increased by an average of 13.7 percent annually and the per capita income of the family members of workers and staff members in cities and towns by 6.9 percent, a record pace since the founding of the PRC.

While the economy develops in a steady, stable, and balanced way, our country is more stable and united politically. Party work style and the standards of social conduct are continuously improving and negative phenomena are being overcome. Since the National Conference of Party Delegates last year, the CPC Central Committee has been determined to rectify party work style and, as a start, to deal with party work style in party, government, and Army organizations at the central level. The 8,000-people meeting of the central organs explicitly called on the central organs to act as a good example to the whole country and to play an exemplary role for the whole party. Later, the CPC Central Committee and the State Council made a series of decisions and stipulations, such as selecting and using cadres in strict accordance with party principles; resolutely curbing tours at public expense; curbing the practice of indiscriminately sending delegations, teams, and personnel abroad; streamlining the procedures for leading cadres at various levels to perform their duties outside their units or to receive guests; and further banning party and government organs, as well as party and government cadres, from engaging in trade or running enterprises. At the same time, they speedily investigated and dealt with a number of major cases, some of which were publicized to the whole nation. The Secretariat of the CPC Central Committee also listened directly to work reports on the television, film, literature, education, social sciences, and other fields and established guiding ideas for the ideological and cultural fronts. It now seems that such methods of work have yielded good results and exerted great influence. All party members and all the people are pleased with this. The whole nation, from the highest levels to the grass roots, has enhanced its revolutionary vigor and strengthened its confidence in rectifying party work style and the standards of social conduct and in doing a good job of the various reforms.

Practice in the past few years shows that the party's line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee are correct; that tremendous achievements attracting international attention have been scored in reform of the economic structure; and that we have found the correct path for building socialism with Chinese characteristics. This is our conclusion. Naturally, there are still shortcomings in our work, there will still be difficulties in the course of our advance, and there are still many unsatisfactory things. Moreover, there are quite a few serious problems in party work style and standards of social conduct, unstable



factors still exist in economic life, and the reforms should be further coordinated and improved. New problems are emerging one after another before the old ones are solved. However, even if there are numerous difficulties, we should adhere unswervingly to the party's Marxist line and win victories with one heart and one mind.

## II. On the Reform

The present excellent situation is the outcome of the party leading the people of all nationalities throughout the country in persisting in reform and adhering to the principle of opening up to the outside world and invigorating the economy. In order to consolidate and develop the present excellent situation, it is necessary to continuously adhere to the principle of opening up to the outside world and invigorating the economy and to carry the reform forward unswervingly.

During the Seventh 5-Year Plan period, we should make further effort: To create fine economic and social environments for the reform of the economic structure; to maintain a stable and steady economic growth in order to provide the strength needed for the continued socioeconomic development in the 1990's; to continuously improve the living standards of the people in the urban and rural areas on the basis of increased production and better economic results; and basically to strive to lay the foundations for a new type of socialist economic structure with Chinese characteristics within 5 years, or a little longer. The key to achieving the above-mentioned requirements lies in carrying out the reform properly.

There is something quite unusual when talking about reform. Nobody is opposed to it and all people put up their hands to show their approval. However, when some practical measures are taken, some people feel uneasy and find it difficult to adapt themselves to the measures taken. If something goes wrong, they make a fuss about it and even take a skeptical or vacillating attitude toward the reform. Although the specific reform measures taken over the past few years still leave something to be desired and lack coordination, by and large, the reform has stimulated the development of production. The income of the urban and rural population has increased and their living standards have improved. But some people are still dissatisfied. In the words of the masses, these people "take up the bowl to eat the meat and, after laying down their chopsticks, utter abusive language." As soon as something is not to their liking, they make cynical remarks or grumble. This presents people with a contradictory phenomenon: On the one hand, everyone acknowledges that the situation is fine; on the other hand, they have a lot of complaints. Some people have an "indefinable feeling of anger." There are many reasons for this, including problems in party work style. There are indeed some people among our cadres, particularly the leading cadres, who abuse their positions and powers, indulge in corruption and bribe-taking, and engage in unhealthy practices, thus arousing the indignation of the masses. But I think there is also the problem of correctly understanding the characteristics of, and the law governing, the reform.

In the past our party fought in various wars for over 20 years. Since the founding of the PRC, we have engaged in peaceful construction for over 30 years. It is only in the past 6 or 7 years that we have genuinely conducted reforms and implemented the policies of opening up to the outside world and invigorating the economy. In conducting reform of the economic structure, we have neither a ready-made pattern to go by nor mature experience to copy. We can only conduct difficult experiments, which have never been conducted before, under the guidance of basic Marxist principles. Since we have neither direct nor indirect experience, it is impossible for us to put forward a complete plan. We can only deepen our understanding and sum up our experiences while practicing. Turning from a closed and semiclosed pattern to an unprecedented pattern opening up to the outside world and other parts of the country, and from a long-standing natural economy to a planned commodity economy, and replacing an outdated structure with a new one, represents an extensive and profound transformation. It is inevitable that it will produce repercussions in political and economic life and in social life as a whole. This transformation will also produce an unprecedentedly profound effect on people's concepts, spiritual conditions, way of life, and modes of thinking. For this reason, people have divergent views or understandings and they may even carry on endless discussions. Generally speaking, this is a historical phenomenon that can hardly be avoided.

As the current reform is an enormous and very arduous social system engineering project to be carried out in China, a country with 1 billion population and a serious imbalance in economic and cultural development, it cannot possibly be developed simultaneously in all fields and at all levels. Instead, it should only be carried out from one level to another, step by step, in accordance with different circumstances and conditions. Failure to maintain harmony, to keep pace, and to ensure that a whole range of supporting measures are taken, can hardly be avoided for a certain period. Reform is also a gradual process which cannot be carried out straightforwardly, still less be accomplished in one move. In the course of reform, we must also try our best to reduce unstable factors, avoid mistakes, and minimize losses. Thus it can be seen that the reform will be even more difficult. This leads to a complicated situation in which both the old and new structures coexist for a period. We will be facing still more problems when the new structure is replacing the old one, particularly at the stage when neither of them dominates the situation. As far as reform of the economic structure with the urban economy as the focus is concerned, the old structure played the leading role during the year before last. And, as the influence of the guiding plan has been expanded since the fourth quarter of the year before last, the new structure has been playing a greater and greater role in economic life as time goes by, but it still cannot completely replace the old one once and for all. So we are facing contradictions. Problems usually arise while the new structure is working, as it remains incomplete and immature. Such being the case, we are forced to bring the situation under control by resorting to the old structure. Inevitably this will intensify the role of the latter. Now it is clear that this stalemate is extremely disadvantageous, is the origin of many issues and has given rise to numerous ideological problems among the masses. Anyway, we cannot possibly skip over this process. In the course of replacing the old

structure with the new one, our leadership, system, and legislature may fail to keep up with the situation for a while. As the old structure has already lost its control over certain fields, there will inevitably be temporary "vacuums" and "loopholes" in the administrative setup. So, some lawless elements may make use of these loopholes to engage in speculation and profiteering, to practice corruption, and to smuggle and sell smuggled goods. This situation characterized by numerous contradictions has caused the "throes" of reform. There are two ways to get rid of these "throes." The first is to restore the old structure; and the second is to uphold the reform and strive to replace the old structure with the new one as quickly as possible so that the latter will very soon play a leading role. The first way is very simple and we are familiar with it--we have to do nothing but to issue coupons and certificates, practice the system of unified procurement and marketing, and keep everything under rigid control. The meaning of such a choice is obvious to everybody. Our practice during the past several decades has proved that this is no way out. Therefore, the only choice for us is to discover a solution by further carrying on the reform in depth and by striving to create conditions for shortening the process of replacing the old structure with the new one. It is estimated that it will probably take 10 years or even longer to fully shift to the new structure. But the stalemate in which neither of the structures dominates the situation would not last too long. We must try our best to make bigger strides in the reform in the next 2 years, lay down the foundations of a new socialist economic structure with Chinese characteristics during the Seventh 5-Year Plan, and thus let the new structure play the leading role.

To achieve this target, we must take the initiative in making preparations this year. Last year we already took a big stride forward. This year, we want relatively little change. Our main tasks for the moment are to "consolidate, digest, replenish, and improve," to carry out investigations and studies, sum up experience, retain advantages and get rid of disadvantages; and take the initiative in preparing conditions for making bigger strides in reform during the next 2 years. We must make economic and theoretical preparations, and also make ideological and psychological preparations. With regard to financial administration, this year we must continue to keep the scale of capital construction under strict control and reasonably readjust the investment structure; curb the increase in consumption funds; promote exports and strive to earn more foreign exchange; and take appropriate measures to ensure that processing industries will not grow too rapidly, so as to help maintain the harmonious development of the energy industry, the raw material industry, and also communications and transportation. In brief, we must provide a relatively relaxed economic environment. Our theoreticians should carry forward the spirit of bravely seeking the truth and blazing new trails; thoroughly study the intrinsic laws of the operation of the socialist commodity economy; and try their best to make a new theoretical summation of the reform which will, in turn, serve as guidance for further practice. We must also be ideologically and mentally well prepared. Apart from objective material conditions, the masses' psychological ability to bear the pressure is an essential factor in determining whether a specific reform will be successful. If the masses are ready to bear the mental pressure, the reform will be carried out smoothly; otherwise there will be great difficulties. The

reform will inevitably involve the readjustment of the power and interests of all social strata and will affect the various relations of interests. The reform will eventually invigorate China and bring the Chinese people "material benefits." But it takes time to fulfill the goal. We cannot expect that every step of the reform will instantly bring every member of society real interests. On the contrary, sometimes, some partial and personal interests will possibly have to give way to the interests of the whole, and some short-term interests will have to give way to the long-term ones of the whole. We must guide the masses in: Taking a correct stand; using correct methods to analyze and understand the practice of reform; correctly handling the relations between personal and national interests, between short-term and long-term interests, and between partial interests and the interests of the whole; fully recognizing the reform as a gradual and arduous process; and in adopting a correct attitude toward all mistakes and setbacks in the reform. Practice has shown that the masses can more and more readily bear the mental pressure arising from the reform, provided that some material conditions are guaranteed in due course. In order to carry out the reform smoothly, we must do a meticulous job and be patient in persuading the masses, actively guide them in unremittingly enhancing their ability to bear the mental pressure, help them to gradually incline to a mentality favorable to the reform and to understanding the reform, and encourage them to support it and to plunge themselves into the cause.

General guidelines for the reform of the economic structure during the Seventh 5-Year Plan are to invigorate enterprises, further develop the socialist commodity market, gradually perfect various economic and legal means, adopt some necessary administrative measures as auxiliary means, strengthen indirect control, reduce direct control, and exercise control over and readjust economic operations.

If we can secure a better economic environment, a better sociopolitical environment, and a better sociopsychological environment through this year's efforts, we are bound to make bigger strides in the reform during the next 2 years.

### III. On Ideological and Political Work

The Seventh 5-Year Plan is an ambitious but realistic and feasible plan. To fulfill this plan, we must exert ourselves to the utmost, do a good job in many fields, and create favorable conditions in various aspects. Above all, the key lies in our efforts to give full play to the initiative and creativity of the hundreds of millions of the masses, and in a clear understanding of the goal on the part of the broad masses which will inspire them to struggle along with us. Our duties are to mobilize and organize all the Chinese people, bring the vast reservoir of socialist initiative and revolutionary enthusiasm among the masses into play, and seek unity of thinking, will, and action among all the Chinese people on the basis of the party's line and the goal of building socialism with Chinese characteristics.

In order to fulfill all these duties, we rely on effective ideological and political work. We must adhere to the four basic principles and strengthen

ideological and political work. It is also necessary to introduce reform in ideological and political work.

After last year's National Conference of Party Delegates, we launched an education drive on the situation and policies throughout the country. The drive has proved to be a great success and has provided us with new successful experience regarding ideological and political work in the new period. The education drives on the situation and policies launched in different places had different features, but they did present some common experience:

--The principal leading cadres at all levels have gone deep among the masses at grass-roots units to have face-to-face "dialogues" with them, sincerely solicit opinions from them, answer their queries on a selective basis, publicize and explain policies, discuss issues, and exchange views with them on an equal footing.

--We have adhered to the principle of persuasion and education and have launched no political movement. We have not intensified contradictions by criticizing people from the higher plane of principle and two-line struggle. Nor have we forsaken our principles, evaded acute contradictions, or pandered to any erroneous views among the masses. Instead we have, frankly and faithfully, told the masses about the overall situation, presented the facts and reasoned things out. Since we in our party seek no selfish interests but only the interests of the people, we can dare to tell the masses the facts. We have publicly admitted that bureaucracy and corruption really exist in our work and in our cadres' ranks. But we have also declared with perfect assurance: Our party and government, on the whole, are honest and are serving the people, and our cause promises high hopes of success. By adroitly guiding action according to circumstances and launching democratic discussions, we have distinguished right from wrong and enhanced our understanding. A small number of people who have differences of opinion with us are allowed to have reservations and we hope future practice will persuade them otherwise.

--We should treat the opinions and demands of the masses correctly. We should listen to the various kinds of opinions aired by them. If conditions exist, we should deal expeditiously with those correct opinions and satisfy rational demands without any delay. If it is temporarily difficult for us to satisfy the rational demands of the masses because conditions do not exist, we should patiently and clearly explain the matter to them. With regard to erroneous opinions and irrational demands, we should not yield to them at the expense of principle. The method of "satisfying the demand partly if only small trouble is made, satisfying the demand completely if big trouble is made, and doing nothing at all if no trouble is made" should not be employed on any account. We should criticize and educate the people concerned as the case may be.

--We should promptly discover and make use of advanced typical examples with the characteristics of our times, which have come to the fore among the masses. We should let those who have ideals give publicity to ideals, let those who observe discipline give publicity to discipline, and let those who

who have morals give publicity to morals. We should let them advise people by using their own experiences as examples. This will make our ideological and political work most infectious and convincing.

The above-mentioned experiences can be summed up as follows: We should expand socialist democracy to political and social life so that democracy becomes the method of the masses for their own self-education.

We should establish equal relations among people on the one hand, and promote correct relations between individuals and society on the other, in accordance with the principles of socialist democracy. Leaders should vigorously overcome bureaucracy.

They should also respect public opinion, listen to criticism and carry forward democracy. All these experiences should be used in our ideological and political work in a more extensive way.

Ideological and political work during the new period should closely center on the four modernizations program, and be subordinate to and serve the general tasks and objectives of the party. It should be used to unite and educate the masses so that they strive to reinvigorate the Chinese nation with one heart and one mind. To this end, we should overcome unhealthy trends, get rid of corrupt phenomena, resist the corrosion of decadent feudal and capitalist ideology, and create a good political and social environment to ensure the fulfillment of the Seventh 5-Year Plan, and the smooth progress of reform.

The policy of opening up to the outside world and carrying out reform, which we have implemented in recent years, has provided more vigor and vitality for our ideological and political work. It has also put new tasks and questions before us. With enlivening the economy and opening up to the outside world, we will inevitably face certain negative things and unhealthy factors. While vigorously developing the commodity economy, we should pay attention to overcoming and correcting the attitude which "regards money as everything." With regard to our distribution system, we should further overcome egalitarianism characterized by eating from the same big pot, adhere to the principle of distribution according to work, and allow some sections of the people to get rich first. (Of course, they should get rich through hard work.) However, we should also guide the people to prevent and overcome the narrow view of being preoccupied with one's personal gains and losses, and the hired hand mentality of "working according to the amount of money paid" and "labor according to remuneration." We should further expand the decisionmaking power of enterprises so that they become the producers and operators of socialist commodities, assume sole responsibility for their profits or losses, and independently carry out their business management. However, we should also guide enterprises so that they correctly handle the interests between the state, enterprise, and workers; consciously assign the interests of the state a most important position; and prevent and overcome the tendencies of departmental selfishness and of one-sidedly stressing the interests of enterprises and workers at the expense of the overall interests of the state. We should further implement the policy of opening up to the outside world, and

actively import foreign capital, advanced science and technology management experience. However, we should also guard against the corrosion of bourgeois ideology and the bourgeois way of life, preventing these things from influencing and harming our people, the younger generation in particular. We should attain the objective of "discarding corrupt things without opposing things foreign."

When overcoming unhealthy tendencies, we should pay attention to demarcation lines in the policies concerned. We should work out rules and regulations. It is also one of the objectives of reform to gradually enact and perfect economic laws and regulations so that people will have something to go by. Without a clear demarcation line in the policies, we are liable to go about things according to "spirit" [jing shen 4737 4377]. Sometimes, we grasp our work firmly, and sometimes we relax our efforts. When the restrictions are relaxed, we dare to do anything. When the restrictions are tightened, we do not dare do things which should be done. This situation should be changed.

In a word, we should adhere to the policy of reform, opening up to the outside world, and enlivening the domestic economy.

In the meantime, we should do well in improving the mental outlook of the people throughout the country. This is a new question encountered by our ideological and political work under the new historical conditions. It is obvious that our present ideological and political work has not yet conformed with the new situation and new tasks. To raise our ideological and political work to a new level, an urgent task facing us is that we should exert efforts to enhance the political and vocational quality of our cadre contingent, and cadres working on the propaganda, ideological, and political fronts in particular.

During the revolutionary wars period, the whole party had to focus attention on military affairs and to study military knowledge. At present, in the period of economic construction under the new situation of opening up and enlivening the economy, we will meet with many new things and new problems which we have not encountered before and with which we are not familiar. We will have no experience in dealing with these new problems and new things. Our ideological and political work in the new period should serve the purpose of developing social productive forces and building socialism with Chinese characteristics, and should meet the requirements of the development of the socialist commodity economy. How can we shoulder this important historical mission if we do not study economic structural reforms, do not have a knowledge of the commodity economy and the law of value, do not know how to use economic levels to manage the economy, and do not understand the basic knowledge and laws of economic construction? If we still look at and comment on the reforms by sticking to the traditional ideas of feudal society, the mentality of a small-scale peasant economy, and the concept of absolute egalitarianism, how could we fail to go against the spirit of the reforms? The party's line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee and the documents issued by the party central leadership since then are products of the combination of basic Marxist principles with our country's modernization practice, and they are

effective ideological weapons for guiding us to carry on the modernization process. If our comrades working on the ideological front have no interest in studying these things and do not have a thorough knowledge of the Marxist principles existing in the realities, how can they achieve high efficiency in their political work? Therefore, in order to improve the quality of our cadres, we should urge them to study. They should study basic Marxist principles, study Marxist theory which is combined with China's practice, study modern scientific and technological knowledge, study economic and business management knowledge, and study history and law. If there are conditions, cadres should be sent to study in some special schools. Of course, only a small part of the cadres will have the chance to study in school, and most of them will study through their practical work. As a person learns to swim by swimming, our cadres will know how to conduct construction in the course of carrying out construction.

This year is the 10th year after the downfall of the "gang of four" and the end of the "Cultural Revolution." The past 10 years marked a major turning point which has ushered in a new period in the history of our party and our People's Republic. In the past 10 years, the party had led the people of all nationalities to carry out creative practice and make brilliant achievements, and a new chapter has been added to the annals of our nation. At the upcoming NPC session, Comrade Zhao Ziyang will give a report on the draft of the Seventh 5-Year Plan, which was 3 years in the making. In the course of drafting the Seventh 5-Year Plan, members of the Standing Committee of the party Central Political Bureau held a number of discussion meetings with experts and responsible comrades of all relevant departments, and gathered many important opinions from them.

In order to draft the plan, the party central leadership and the State Council held six discussion meetings attended by responsible comrades from all provinces, regions, and municipalities, as well as from various departments. We also studied the proposals by some foreign experts and scholars. We also studied the proposals by some foreign experts and scholars. Finally, the Political Bureau and the Central Secretariat repeatedly deliberated on and discussed the draft of the 5-year plan before its submission to the NPC session. This is an extremely important historical document. We should organize comrades in the whole party, all cadres, and the masses to seriously study the spirit of this document by linking it with the reality and by making vertical and horizontal comparisons. In the course of study, we should give them in-depth education in the current situation and policies so as to help them better realize the good situation and correctly sum up historical experience. This will enable them to deepen their understanding of the party's line, principles and policies so as to better understand the necessity and importance of reform and to see more clearly the historical road that we will take in order to build socialism with Chinese characteristics. Through this education, we will be able to unify the ideological guidelines, distinguish right from wrong, boost our courage, and establish a firmer confidence. This is of great significance in promoting the development of reforms. We should take it as a major task in our political and ideological work this year to relay and carry out the spirit of the upcoming NPC session and CPPCC meeting and the report given by Comrade Ziyang, and we should do solid and effective



work in this regard so as to provide an effective ideological and political guarantee and to give a strong mental impetus to the fulfillment of the Seventh 5-Year Plan.

#### IV. Hopes and Requirements

The NPC session and the CPPCC meetings are used to discuss and decide major state affairs. All of us should show concern for state affairs and should join hands in handling state affairs. You comrades here have a dual capacity or even multiple capacity. You are members of the CPC, people's deputies, or CPPCC members, and some of you are also party or government leading cadres at various levels. In short, you form the backbone force in all fields, on all fronts, and in all developments. You are keeping contact with the masses in your localities or units. So you should always maintain a sense of responsibility as a master of the state, and adhere to the principle of being responsible to both the party and the people, no matter in what capacity and in what post you may act. On the one hand, you should examine and supervise the work of our party and government at all levels and actively put forward critical opinions on, and constructive proposals for, our work. This is your right and duty. Meanwhile, as party members, party and government cadres, and backbone activists in all fields, you comrades should take the lead in publicizing and implementing the party's line, principles, and policies and use your exemplary actions to influence and bring along the broad masses.

The system of democratic centralism is a basic principle in our state institutions. Building a socialist country with a high degree of civilization and democracy is not only the aim of our struggle, but is also a fundamental guarantee for realizing the four modernizations in our country. Our party and government are representative of the interests of the people. It is a matter of course that we should fully develop democracy and consciously accept the people's supervision. The party's leadership and the people's democratic supervision are not contradictory. Instead, they are in line with each other.

In China, a big country with a population of 1 billion people, without a highly centralized party composed of millions of members who have a high degree of consciousness and devotional spirit and a strict sense of discipline, a party which can really represent and unite the people, can maintain high prestige, and can exercise highly centralized leadership, we would not be able to unify the will and strength of the 1 billion people to advance the socialist modernization process, and the 1 billion people would become just like a sheet of loose sand. Then the consequences would be unimaginable. Meanwhile, in such a big country as ours, for such a big party which has such a large number of cadres and which holds such extensive power, if there is no effective public supervision and the party and its cadres abuse the power and do whatever they like, the consequences would also be unimaginable. At present, we already have various supervision systems. There is inner-party supervision, administrative supervision, and judicial organs supervision. Through the CPPCC, we also accept supervision from our friends outside the party. The NPC is the supreme power organ of the state, and each people's deputy has a supervisory duty. How to institutionalize inner-party democracy

and socialist democracy and codify them into law is an important subject in the reform of our party and state leadership system, and we need to continue studies and exploration in this field. Our target is to bring about a situation in which all people, from party leaders to rank-and-file party members, from state leaders down to every citizen, are really equal before the law so that no special party member or special citizen can be free from the binding force of party discipline and state laws, and no one can enjoy the privilege of standing aloof beyond the bounds of party discipline and state laws.

In recent years, people's deputies to the NPC and CPPCC members have done a good job in exercising democratic supervision. Many people's deputies and CPPCC members have gone deep among the masses and plunged into making investigations and finding out about the situation in all fields. They have put forward thousands of proposals and motions to the party and the government, and have made valuable efforts to help the government make correct policy decisions, prevent and correct errors in work, and promote the development of the two civilizations. For example, in their proposal on the Baoshan project in Shanghai, people's deputies and CPPCC members from Shanghai put forward a correct proposal that attention should be paid to strict scientific appraisals, and this proposal was accepted by the department concerned in the handling of the Baoshan project. The law on compulsory education, which this NPC session will deliberate and approve, is also formulated according to a proposal by some people's deputies. At the Third Session of the Sixth NPC, people's deputies put forward proposals on banning unhealthy tabloids, pornographic books and video products; on strengthening propaganda and education in the legal system; on developing the Simou forests in Yunnan Province; and on continuing building the Shangqiu-Fuyang railway. They were all good opinions. CPPCC members have also put forward many constructive proposals and opinions and have organized experts in all fields to provide valuable consulting services for the government. All this is highly valued by the party central leadership and the State Council. Some corresponding decisions have been made to put the proposals into practice; some proposals have been included in the plans; and some proposals and opinions are under active consideration. All this demonstrates the people's deputies and CPPCC members' sense of responsibility as state masters, and also shows that our party and government pursue a system of democracy and respect the will of the people.

It is hoped that at the coming meeting, all comrades here will continue to emancipate your minds; speak your minds freely with realistic attitudes; make criticisms in correct way; and correctly sum up the experience in construction and reform. We welcome your exposure of problems and your proposals for solving these problems. We welcome your criticism of various mistakes in our work and your proposals for correcting the mistakes. In a word, it is hoped that you will make a diagnosis and work out a prescription through making criticisms and giving advice. Only thus can we gather the people's demands and gather the people's wisdom and strength so as to turn the coming meeting into an oath-taking rally which will pool the wisdom and efforts of the people to realize our grand plan, and into a successful meeting which will boost the people's courage and morale and will unite the

people to strive for new victories. So long as we work with one head and one mind, our meeting will certainly be successful, and we will be able to use the spirit of the meeting to mobilize the people throughout the country to work hard to fulfill the glorious tasks specified in the Seventh 5-Year Plan.

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A SCIENTIFIC PLAN, A PROGRAM OF ACTION--CHARACTERISTICS OF THE SEVENTH 5-YEAR PLAN

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[Article by Liu Suinian [2692 7151 1628]; capitalized passages published in boldface]

[Text] Following the successful fulfillment of the Sixth 5-Year Plan, China's socialist modernization program has entered the Seventh 5-Year Plan period. The Seventh 5-Year Plan for national economic and social development examined and adopted by the Fourth Session of the Sixth NPC has presented a grand blueprint for China's socialist modernization and has laid down the program of action for the people of all nationalities throughout the country to advance. It is the first time in the history of China's socialist construction that the state has drafted a comprehensive plan at the beginning of a new 5-year plan which has been adopted by the NPC. The early drafting of the Seventh 5-Year Plan will be of great significance to guiding the national economic and social development as a whole and to having the initiative of overall economic work well in hand. This shows that our party and government have improved their art of leadership in guiding the socialist modernization program.

In his report on the Seventh 5-Year Plan, Premier Zhao Ziyang made brilliant expositions on the guiding principles and basic tasks of the plan and explained its scientific nature and correctness in many ways. The Seventh 5-Year Plan will occupy an important position in the entire course of China's socialist modernization program. The fundamental purpose which runs through the Seventh 5-Year Plan and guides the economic and social development during the period is to continue to act in accordance with the general requirement of building socialism with Chinese characteristics, promote China's economic development strategy, and effect a change in the economic structure from the old model to a new one so as to put our national economy on the path of vigorous growth with high efficiency and good economic returns. This plan has organically combined the pioneering and enterprising spirit with the scientific attitude of seeking truth from facts and has closely linked the grand objective with steady steps. It is a 5-year plan that calls for vigorous efforts and maintains steady progress as well as a plan that scientifically reflects the objective demand of the development of China's socialist modernization program. Generally speaking, this 5-year plan has the following six distinctive characteristics:

FIRST, THE SEVENTH 5-YEAR PLAN GIVES PRIORITY TO REFORM AND PUSHES THE REFORM OF THE ECONOMIC STRUCTURE IN AN ALL-ROUND MANNER SO THAT REFORM AND DEVELOPMENT COORDINATE AND PROMOTE EACH OTHER.

The Seventh 5-Year Plan covers a crucial period in which China's socialist economic structure is changing from an old model to a new one. The change of the economic structure will be of vital significance to the satisfactory fulfillment of the various tasks related to the economic and social development during the Seventh 5-Year Plan, to launching China's economy on a normal path, and to the sustained and steady development of the economy during the 1990's and in the years to come. Therefore, the Seventh 5-Year Plan has regarded steadily promoting the reform of the economic structure as an extremely important task and has laid down specific measures. This is the most outstanding characteristic of the Seventh 5-Year Plan. In recent years, China has achieved remarkable successes in reforming its economic structure. This is generally acknowledged. As we are now in the period in which a new system is replacing the old one, frictions and conflicts will inevitably exist in our economic life which may hinder the development of the productive forces. Only by carrying out comprehensive reforms in a systematic way can we diminish the conflicts and frictions, fully arouse the initiative of the enterprises and laborers, rationally distribute the natural resources, speed up the pace of scientific and technological progress, and push forward the development of the national economy in proportion and with high efficiency. The current political and economic situation is entirely favorable to reform. We must seize this opportunity and strive to achieve complete success of reform during the Seventh 5-Year Plan period.

According to the plan, we should try, within the next 5 years or longer, to lay a solid foundation for a new socialist economic structure with Chinese characteristics. Focused on this objective, we should do a good job of reform in the following three respects in accordance with the requirement of developing a planned socialist commodity economy based on public ownership: 1) We should further invigorate enterprises, especially big- and medium-sized ones which are owned by the whole people. We should turn them into relatively independent economic entities, into socialist commodity manufacturers and dealers having full authority for management and fully responsible for their own profits and losses. 2) We should make further efforts to develop a socialist commodity market and to improve the market system. 3) The state will establish a new socialist macroeconomic management system by gradually changing from mainly direct to mainly indirect control in its management of enterprises. The above-mentioned three aspects of the reform are closely interrelated and form an organic whole. Only by doing a good job in all three can we develop a whole set of mechanisms which will organically combine planning with marketing, micro-flexibility with macroeconomic control, and centralization with decentralization, and promote the vigorous development of the socialist commodity economy. In order to create a fine economic and social environment for the reform of the economic structure, the plan maintains an appropriate rate for economic growth, construction scale, and improving living standards, instead of imposing a strain on economic life. While making specific arrangements, it is necessary to proceed from the actual circumstances and divide the period of the Seventh 5-Year Plan into

two stages, of 2, and then 3 years. In the first 2 years, the emphasis should be on solving the question of overexpansion of social general demand, stabilizing the economy as a whole, carrying out some necessary reforms, and providing financial and material resources and other conditions for the decisive step taken in the reforms of the pricing and taxation systems, thus enabling the reform of the economic structure to develop in a smooth manner and attain the anticipated results.

The fundamental purpose of the reform of the economic structure carried out in the course of economic development is to develop the productive forces. Meanwhile, the Seventh 5-Year Plan period is that most important one for realizing the grand objective put forward by the 12th CPC National Congress. Proceeding from such a situation, the plan requires the steps and measures taken for the reform of the economic structure in the next 5 years to correspond to economic and social capacity so as to help stabilize the overall economic situation and attain better economic results in all fields. By taking into account the internal relations between the reform of the economic structure and economic development, the plan calls for establishment of a general framework within the next 5 years for a new economic structure rather than fully realize the task of structural reform. We must profoundly understand the necessity and importance of drafting the plan in such a manner, correctly handle the relations between economic reform and economic development, seek unity of thinking and action according to the requirements of the plan, develop the reform of the economic structure in depth, and push forward the socialist modernization program.

SECOND, THE SEVENTH 5-YEAR PLAN STRESSES AN APPROPRIATE ECONOMIC GROWTH SO AS TO MAINTAIN AN ORGANIC WHOLE OF SPEED, PROPORTION, AND EFFICIENCY.

As far as a developing socialist country like ours is concerned, it is an important question to appropriately determine the economic growth. If growth is too slow, it will be difficult to make the most of natural resources, enhance our national strength, and meet social demands. If growth is too fast, it will lead to the blind pursuit of output and output value at the expense of economic results, product quality, and scientific and technological progress. Owing to the shortage of financial and material resources, apart from leading to economic dislocation, it will also be short-lived. Over a fairly long period in the past, we put undue emphasis on quantity and growth instead of quality and efficiency in our economic planning work. This tendency began to change during the Sixth 5-Year Plan period, but the problem was not fundamentally solved in actual life. The Seventh 5-Year Plan has taken special note of fixing an appropriate rate for economic growth and promoting the proportionate and efficient advance of the national economy.

The plan provides that the total value of industrial and agricultural output should increase by 38 percent in 5 years, an average of 6.7 percent annually. Of that total, the value of agricultural output will rise at an average annual rate of 4 percent (or 6 percent if rural industries are included), while the value of industrial output will rise at a rate of 7.5 percent (or 7 percent if rural industries are excluded). The gross national product is to increase by 44 percent, an average of 7.5 percent annually. This rate of growth is

slightly lower than that achieved during the Sixth 5-Year Plan period. Nevertheless, it is based on the overall analysis of the social demands and production conditions in the next 5 years. On the premise of achieving better economic results and improving quality and on the basis of the coordinated and proportional relations, it has particularly taken into account the demand of creating a fine environment for the reform of the economic structure on an appropriate economic growth. While fixing the above-mentioned rate of economic growth, the Seventh 5-Year Plan gave prominence to the attainment of better economic results and improvement of product quality, set strict demands for the economic results in various fields, made further arrangements for rationally readjusting the production setup over a broad scope so as to promote the coordinated development of agriculture, light industry, and heavy industry; energy, raw and semifinished materials industry, and processing industry; transportation, communications, the building industry, and the national economy as a whole; and tertiary industry and primary and secondary industries, and gave impetus to the rise and development of various newly emerging industries in a planned manner. These arrangements made by the plan will bring about a unity of speed, proportion, and efficiency and ensure that the national economy will embark on a normal path.

Meanwhile, we should be aware that the growth rate set by the plan is by no means too low. If the growth rate is realized by 1990, the total industrial and agricultural output value and gross national product will increase by 130 percent and 160 percent respectively over 1980, an average annual increase of 8.7 percent and 10 percent respectively, far exceeding the growth rate, the output of China's major products will top a new level, better economic results will be achieved, our economic strength as a whole will be enormously enhanced, and the people's living standards will improve remarkably. The economic growth rate set in the plan is high, but not too high. As the plan has left some margin, we may even be able to exceed the growth rate. In this way, we can gain the initiative in work and also benefit the people. Naturally, the growth rate set in the Seventh 5-Year Plan cannot be any lower. Otherwise, it will be difficult to improve the people's living standards, to meet the needs of economic reform, and make the necessary material and technical preparations for long-term development in the future. It will also dampen the enthusiasm of enterprises and masses aroused by reform and hinder normal economic growth and the attainment of better economic results.

THIRD, THE SEVENTH 5-YEAR PLAN LAYS EQUAL EMPHASIS ON BOTH ACCUMULATION AND CONSUMPTION, AND PROMOTES THE COORDINATED DEVELOPMENT OF ECONOMIC CONSTRUCTION AND IMPROVEMENT IN LIVING STANDARDS.

Rationally distributing and using the national income and establishing a proper ratio between accumulation and consumption are the major premises to promote the normal development of the national economy and the key to the drafting of an economic and social development plan.

In the course of drafting the Seventh 5-Year Plan, the CPC Central Committee and the State Council earnestly summed up the experience of the past, proceeded from the actual situation of the current overexpansion of social general demand, and put forward a basic guiding principle of maintaining a

balance of social general demand and general supply so as to establish a proper ratio between accumulation and consumption. This principle has been implemented in earnest in the Seventh 5-Year Plan.

In order to maintain a steady economic growth during the Seventh 5-Year Plan and to provide reserve strength for economic revitalization during the 1990's, the Seventh 5-Year Plan has made reasonable arrangements for economic construction in light of the needs and possibilities and on the premise of controlling the general scope of investment in fixed assets. The plan sets the investment in fixed assets of the whole society in the next 5 years at 1,296 billion yuan. Of that total, the fixed assets investment of state enterprises is set at 896 billion yuan, an increase of around 70 percent over the Sixth 5-Year Plan period. According to such an investment scale, the average accumulation rate during the Seventh 5-Year Plan is 30 percent, about the same as for the Sixth 5-Year Plan, but lower than the accumulation rate of 1985. This accumulation level is relatively suitable for us. As we are now doing pioneering work, we need funds in all fields. While reasonably increasing consumption, it is absolutely necessary to appropriately increase accumulation to a certain extent. This helps combine the people's immediate interests with their long-term interests. While setting an appropriate scale of investment, the Seventh 5-Year Plan also readjusted the investment pattern in a rational way according to the objective demands of the rational use of construction funds and the modernization progress of the national economy. The rational readjustment of the investment pattern is advantageous to putting the investment scale within the capacity of the national strength and to increasing reserve strength for economic development.

To improve the living standards of urban and rural people on the basis of developing production and attaining better economic results is an important task during the Seventh 5-Year Plan period and the starting point of the drafting of the plan. The plan provides that the actual consumption level of the urban and rural inhabitants in the next 5 years will increase by 27 percent, an average of 5 percent annually. This rate of increase is on the whole in keeping with the increase in the per capita national income over the same period. Meanwhile, there will be more consumer goods of greater variety and better design and the living standards will constantly improve. While making arrangements for living standards and consumption, the plan has earnestly taken into account the objective of having the people become relatively well-off both materially and culturally by the turn of the century, and the anticipated development of production. The Seventh 5-Year Plan closely links the development of production and construction with the measures taken to improve the people's living standards. As a result, it explicitly defines the purpose of production and construction, enables the people to see the material benefits in the course of production development, arouses their immense enthusiasm for labor, and pushes forward production, construction, and the reforms in various fields.

FOURTH, THE SEVENTH 5-YEAR PLAN ATTACHES GREAT IMPORTANCE TO THE DEVELOPMENT OF SCIENCE, TECHNOLOGY, AND EDUCATION AND ESTABLISHES THE RATE OF CHINA'S ECONOMIC GROWTH ON THE BASIS OF SCIENTIFIC AND TECHNOLOGICAL PROGRESS AND THE EXPLOITATION OF INTELLECTUAL RESOURCES.



The hallmark distinguishing China's new economic development strategy from the old one is whether or not we have attached great importance to scientific and technological progress and the exploitation of intellectual resources. Under the guidance of the traditional development strategy, science, technology, and education could not play their proper role. The expansion of production meant an increase in investment and development of projects on a large scale. Moreover, economic construction was not properly combined with scientific, technological, and education work. This is the root cause of the poor economic results and the slow progress of China's technology. Although such a state of affairs began to change from the Sixth 5-Year Plan, it is far from enough. In accordance with the instructions of the CPC Central Committee and the State Council, the Seventh 5-Year Plan has put the acceleration of scientific and technological progress and exploitation of intellectual resources in an extremely important strategic position so that economic construction will rely mainly on scientific and technological progress, apply and make the most of scientific and technological achievements, and attach great importance to the role of intellectual resources.

In accelerating scientific and technological progress and closely linking economic construction with scientific and technological work, the drafting of the Seventh 5-Year Plan has given prominence to the following: First, the strategic priorities of China's scientific and technological development are further defined, including achieving those scientific and technological results that can yield the best and fastest economic returns and putting them into wide application, concentrating forces on tackling key scientific and technological projects, vigorously developing new and high technologies, integrating China's scientific and technological research with the import of advanced technology, strengthening both applied and basic research, and making specific arrangements for accomplishing the tasks in the next 5 years. Second, the technological development policy for various trades and the technical transformation scheme formulated in advance provided grounds for the drafting of the Seventh 5-Year Plan. Around 1,000 natural scientists and economic management experts participated in the work jointly sponsored by the State Planning Commission, the State Scientific and Technological Commission, and the State Economic Commission and accomplished it within 2 years from 1983 to 1985. The scheme set the long-term objective as well as the tasks for the near future, thus enriching the contents of the Seventh 5-Year Plan and improving its quality. Third, the tasks and targets of the application and development of science and technology are specified in the readjustment of production and product setups, capital construction, and technical transformation as well as in other economic and social development plans. With regard to the development of social science, the plan has also set the topics and requirements for the study of economic, scientific, technological, and social development strategy and the reform of the economic structure. To sum up, accelerating and relying on scientific and technological progress are characteristics of the Seventh 5-Year Plan.

In the exploitation of intellectual resources, the plan calls for enhancement of elementary education, energetic promotion of 9-year compulsory education as well as vocational and technical training, and consolidation and improvement

of higher education and adult education. In the next 5 years, a total of 5 million senior specialized personnel will be trained, an increase of 100 percent over the Sixth 5-Year Plan period. In light of the current actual situation and social demand, the plan has stressed that all schools at various levels should further readjust the education structure and take note of improving teaching quality.

In order to speed up scientific and technological progress and the exploitation of intellectual resources, the outlay set by the plan for science, education, culture, public health, and sports in the next 5 years is 201.6 billion yuan, an increase of 72 percent over the 117.2 billion yuan set in the Sixth 5-Year Plan. The figure accounts for 18 percent of the financial expenditure and represents a growth rate higher than that of state revenues from regular items. In addition, the plan has called on the local governments at all levels to allocate more funds for the development of science and education. Meanwhile, state enterprises, collectives, and other sectors of the society should be encouraged to promote scientific and technological progress and the exploitation of intellectual resources. By following the requirements of the Seventh 5-Year Plan, a new situation will appear in the development of China's science, technology, and education and China's economic construction will further embark on the correct path relying mainly on scientific and technological progress and the exploitation of intellectual resources.

FIFTH, THE SEVENTH 5-YEAR PLAN STRESSES OPENING THE DOOR WIDER TO THE OUTSIDE WORLD SO THAT CHINA'S PRODUCTION AND CONSTRUCTION ARE CLOSELY INTEGRATED WITH FOREIGN ECONOMIC AND TECHNOLOGICAL EXCHANGES.

It is an important item in the new economic development strategy to open up to the outside world so that China's closed and semiclosed economy will give way to an open economy characterized by positive use of international exchange. Practice over the past few years has proved that by opening up to the outside world, we can learn from the strong points of other countries to offset our weaknesses, make up for our shortages of construction funds, and accelerate the pace of China's socialist modernization. To meet the needs of the new situation of opening up to the outside world, the Seventh 5-Year Plan calls for expanding foreign trade and economic and technological exchanges on a wider scale and making further efforts to use domestic and foreign capital and resources and exploit domestic and foreign markets in a planned manner. According to the plan, the total volume of China's import and export in 1990 will increase by 40 percent over 1985, in which exports will increase by 47 percent and imports, 35 percent. Meanwhile, the import of advanced technology and use of foreign capital will also increase correspondingly. By implementing this plan, China's external economic and technological exchanges and cooperation will develop to a new high level, which will help accomplish the arduous tasks in the next 5 years and promote the development of the socialist modernization program.

The key to realizing the requirements of the aforementioned plan lies in increasing exports and earning more foreign exchange. The capacity of our export and foreign exchange income determines the level of China's external

economic and technological exchanges and conditions the scale and progress of our domestic economic construction. Only by increasing exports can we gain the initiative in planning our domestic construction and external economic development. Therefore, the Seventh 5-Year Plan has made positive arrangements for improving the quality of export products, readjusting the product mix of export commodities, perfecting the export production system, and exploiting the international market. At the same time, the plan also calls for vigorously developing tourism, running international air and sea transport and insurance businesses, and undertaking overseas projects and labor service so as to increase foreign exchange income from nontrade items. Regarding the use of foreign exchange, the plan has stressed socioeconomic results, careful calculation, and strict budgeting and insisted on using foreign exchange mainly to import software and advanced technology and equipment and on strictly controlling the import of ordinary processing equipment and durable consumer goods. The products that can be manufactured in China should not be blindly imported from other countries. In addition, measures should be taken to eliminate import of duplicated goods. During the Seventh 5-Year Plan, foreign capital should be used through various forms on the basis of increasing foreign exchange and our capabilities of repayment and digestion. While using foreign capital, it is necessary to adhere to the correct orientation and achieve better economic results. In order to further implement the policy of opening up to the outside world, it is necessary to continue to reform the foreign trade management system. Only thus can we ensure and promote the healthy development of China's foreign trade and economic and technological exchanges.

SIXTH, THE SEVENTH 5-YEAR PLAN GIVES IMPETUS TO ALL-ROUND ECONOMIC AND SOCIAL DEVELOPMENT AND PAVES THE WAY FOR THE ADVANCE OF SOCIALIST SPIRITUAL AND MATERIAL CIVILIZATION.

In accordance with the instructions of the CPC Central Committee and the State Council and the requirements of the economic development strategy, the Seventh 5-Year Plan attaches great importance to the all-round development of various social undertakings. While pushing forward the building of material civilization, it has particularly called for stepping up the building of spiritual civilization. The development of modern economy and the dynamic planned socialist commodity economy are closely related to the people's thinking, ideas, morality and various social factors and require a balance and coordination between economic growth on the one hand and population, natural resources, and environment on the other. Objectively, the state plan should take all factors into account, make overall arrangements for economic and social development, and implement the principle of laying equal stress on the building of material and spiritual civilization. The Seventh 5-Year Plan has made specific stipulations and requirements for the development of various social undertakings which include the growth of population, employment, urban and rural construction, and exploitation and management of land. These are all important component parts of the plan. In the building of socialist spiritual civilization, the plan contains added aspects such as developing culture, public health, sports, and other undertakings; strengthening ideological and political work; perfecting socialist democracy and the legal system; and effecting a fundamental turn for the

better in social order and general mood. By implementing the Seventh 5-Year Plan, we will be able to effectively promote the coordinated development of the economic construction and social undertakings, strengthen the building of socialist spiritual civilization, and provide ideological guarantees and social conditions for smoothly carrying out the socialist modernization program and various reforms.

Here we must also point out that the Seventh 5-Year Plan has a distinctive characteristic in the form and method of its drafting which is different from the method of setting targets, enumerating projects, and distributing investment and materials in the past. In the course of the drafting of the Seventh 5-Year Plan, considerable efforts were dedicated to the study of major strategies, principles, and policies. While setting the necessary targets, the plan emphatically put forward the relevant policies for implementation so that both could coordinate each other and become an organic component part of the plan. The plan has taken note of applying the economic levers and means to guide and regulate the orientation and operation of social and economic activities and has combined them with legal means and the necessary administrative means. Meanwhile, the plan has reduced the scope of mandatory planning and relevantly extended the scope of guidance planning and market regulation. These methods constitute a major change in China's planning work. By doing so, the state plan will be more flexible, scientific, and effective and will competently guide the smooth development of the national economy, structural reform, and various social undertakings.

With the earnest implementation and satisfactory fulfillment of the Seventh 5-Year Plan, the Chinese people will inevitably take a new step forward in building socialism with Chinese characteristics and making the country prosperous and the people rich and happy. Let us respond to the call of the Fourth Session of the Sixth NPC, unite as one, carry forward the spirit of the foolish old man who removed the mountains through arduous efforts, temper our will, forge ahead, strive to fulfill or overfulfill the significant Seventh 5-Year Plan, and seize greater victories in the building of socialist modernization.

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## TAKE ADHERENCE TO DISCIPLINE AND LAW AS AN IMPORTANT CRITERION FOR ASSESSING ENTERPRISES

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[Article by Jing Ping [2529 1627]]

[Text] A common expression is: Every profession produces its own leading authority. In socialist modernization, it is absolutely necessary for each industry and trade to choose a batch of advanced enterprises to serve as models for study in that industry or trade. The standard for advanced enterprises can differ with the industry or trade, but there is one standard which all industries and trades must accord: They must adhere to discipline and law. The relevant State Council stipulations set down: Enterprises must firmly uphold the socialist road, implement the state's principles and policies, and adhere to laws and regulations. It should be said that adherence to discipline and law is a basic criterion in an enterprise's normal economic activities. Advanced enterprises should ever more be models in adhering to discipline and law. This is an embodiment of the basic principle of enterprise management--"at the same time as persisting in promoting the building of material civilization, we must put great efforts into strengthening the building of socialist spiritual civilization"--as noted in the proposal on the Seventh 5-Year Plan passed by the National Conference of Party Delegates. Looking at the present situation, we should especially strengthen this point.

Over the last few years our nation has conducted a major annual tax and financial investigation (last year prices were included). The problems involved in the investigations generally involved several billion yuan each year. In the major investigation last year, the funds involved in non-payment of tax, tax evasion, and other actions which violated the law and discipline totaled over 10 billion yuan. This really is startling. Some of this can be put down to systems being imperfect and policy limits not being clearly defined, but quite a substantial amount was the result of deliberate violations, being aware of the law but not abiding by it, intentionally undermining the foundations of the state, or violating the interests of the masses. In some districts, the units and individuals not paying taxes, evading taxes, or engaging in actions which violated the law or discipline constituted 80 percent of the total units and individuals paying taxes. Many advanced enterprises engaged in actions which violated law and discipline, some quite seriously. Thus, they played a particularly inglorious role as

"example setters." What is noteworthy is that when the relevant departments discovered these actions of seriously violating the law and discipline by the enterprises, some leading departments felt that as these enterprises were advanced units, they should be shielded, that they should not be investigated and punished, and that this should not be made public. Thus, some "advanced" enterprises, knowing that they had strong backing, did not carry out self-examination and refused to have other persons examine them. Such action is not consistent with the title advanced enterprise and goes against the basic principle of grasping the two civilizations. Thus, taking an enterprise's adherence to law and discipline as a major standard in assessing whether an enterprise is advanced or not, and making this clear and certain on both the ideological and organizational levels, is vitally necessary.

At present our nation's reform of the economic structure is being gradually carried out. In order to gain experience, the state has allowed some advanced enterprises to take the first step and carry out experiments. For this, various special types of treatment and special policies have been provided. The scope, contents, and policies of the experiments have clear stipulations. It certainly cannot be said that these experimental enterprises can act as they wish, do what they want, and violate law and discipline. The state has given them the power to reform, not the power to violate law and discipline. The leaders of some enterprises have used the pretext of reform to violate law and discipline and seek exorbitant profits. This is completely wrong. We are a socialist nation and all enterprises are equal before the law. How can advanced enterprises not be subject to the jurisdiction and restrictions of the law? Quite the reverse, the more advanced an enterprise, the more it should adhere to discipline and law. If enterprises which are appraised as advanced units violate law and discipline, they must all be severely dealt with.

Can seriously dealing with the problems disclosed through the investigation obstruct the reforms? No, it cannot. Comrade Tian Jiyun has pointed out: "Reform must be persisted in and unhealthy tendencies and violations of law and discipline must be firmly redressed and curbed. The two are complementary and promote each other." This is the correct idea. In supporting reform, we must persist in supporting those enterprises which are carrying out reform in the correct direction. We cannot support those enterprises which deviate from the correct direction of reform. Even less can we support those enterprises which violate law and discipline. All those enterprises which are brave in reform, which tap latent potential, and which make contributions to the state and the people must be commended. Those enterprises which harm the state for private benefit, harm the interests of the state and the people, and engage in actions which violate law and discipline should have their title as an advanced enterprise annulled. Those seriously offending should be subject to legal action. Only in this way can reform develop healthily. Of course, during the reforms, it is inevitable that many old regulations will be broken through. Others will need to be supplemented, changed, and improved. Still others will need to be newly set down in accordance with needs. However, party discipline and state law must be observed. On this point we must be unambiguous at all times.

Some comrades feel that the large-scale investigations are carried out simply because the state wants a little more income and wants to balance financial income and expenditure. Thus, when the enterprises pay the extra tax or make appropriate payments, that should be enough. They wonder why it is necessary to severely deal with the enterprises. Collecting income which should have been paid to the state is admittedly important. However, at the same time, we should stress the building of spiritual civilization and achieving a basic turn for the better in party style and social atmosphere. Comrade Deng Xiaoping has pointed out: "If we do not strengthen the building of spiritual civilization, the building of material civilization will be damaged and follow a twisting road. If we merely rely on material conditions, then neither our revolution nor our construction will achieve victory." Very recently, Comrade Deng Xiaoping pointed out: "In engaging in the four modernizations, we must use both hands. One will not do. When we speak of two hands, it refers to one grasping construction and the other grasping law." Advanced enterprises are models for people to study. How can we allow people to study the violation of law and discipline? How can we allow people to admire these? How can we give them prestige?

During the large-scale investigations, some regions stipulated that adherence to discipline and law is an important standard in assessing whether an enterprise is advanced. For general transgressions of the law, an enterprise could investigate them itself and guarantee that it will not transgress again. For more serious offenses, an enterprise might be shown a "yellow card" as a warning, but it could still keep its advanced status. For serious violations of the law which the enterprise could not investigate by itself, or even for repeated violations, an enterprise would be shown a "red card," which would annul its advanced enterprise status, and a notice would be circulated. We feel that these stipulations are worthy of attention.

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## LOOK INWARD, TAP POTENTIAL, AND EXPLOIT FAVORABLE CONDITIONS

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[Article by Huang Mobin [7806 1075 3453], manager of Wuhan Steel Company]

[Text] How is it possible to invigorate large enterprises so that they may play an even bigger role in our country's socialist modernization? This is a big and important topic that is being intensively studied in theory and in practice. The Wuhan Steel Company exhibited definite vitality in the Sixth 5-Year Plan period, prefulfilling its Sixth 5-Year Plan. In 1985, its output of iron and steel amounted to 4 million tons of each while the 1.7 meter rolling mill realized, and actually surpassed, its assessed planning capacity. Over the past 5 years, the whole company's realized profit-tax increased at an annual rate of 24.64 percent. This totaled 4 billion yuan, equivalent to the investment in building the 1.7 meter rolling mill. Following consolidation, the enterprise has continued to display a sustained and stable development situation in production.

In the Sixth 5-Year Plan period, the Wuhan Steel Plant changed the original production procedure of carrying on completely in accordance with the state's mandatory plan, to combining mandatory planning and guidance planning in commodity production and operations oriented toward the market. In order to be suited for this change, and on the condition that the state provided it with definite decisionmaking power and a preferential policy, it was necessary for the enterprise itself to possess the ability of a socialist commodity producer and entrepreneur. Although the operation and development of an enterprise is the result of the combined working of internal and external factors, in the final analysis, the internal factors serve as the basis for the full utilization of external conditions, to convert the external factors into internal functions. Hence, insofar as the Wuhan Steel Mill is concerned, the key to development is to look inward, exploit its favorable conditions, and tap its own potential.

In the early 1980's, the Wuhan Steel Plant faced two challenges: The first was that following the 3d Plenary Session of the 11th CPC Central Committee, the national situation turned greatly for the better, and, although the Wuhan Steel Plant situation was still good, its production was not stable; it failed to fulfill its plans; the "1.7 meter" rolling mill was unable to display its capacity after entering into production; and society's opinion



was generally unfavorable. How to change this passive and regressive situation was an extremely difficult task. The second challenge was that due to constant readjustment of the price system, the prices of ores, coal, and energy and the cost of transportation were continuously readjusted. Each year, the burden imposed on the enterprise due to the rise in prices was rather great and this was a kind of pressure. However, at the same time, we also saw Wuhan Steel Plant's special and favorable conditions: It was equipped with 1.7 meter rolling machine equipment of advanced 1970's level; state investment of 6.5 billion yuan; an annual major production capacity of 4 million tons of basically formed steel, and the production potential was still not fully tapped; certain preferential policies endowed by the state; and so on. Facing these conditions, we were determined to enforce the party Central Committee's guidelines about invigorating internally and opening to the outside world; grasping the central work of consolidating and reforming the enterprise; playing up strong points and improving weak points; exploiting the favorable conditions; accepting challenges and creating a new situation for the Wuhan Steel Plant.

#### I. Strengthening Basic Management and Augmenting the Ability for Sustained and Stable Production Development

In a large enterprise like the Wuhan Steel Plant, the socialized degree of production is rather high and management is of an outstandingly important character. Unfortunately, contrary to objective demands, enterprise management in the Wuhan plant was "inherently deficient without being properly strengthened." When the Wuhan Steel Plant went into production in 1958, it was the time of the "Great Leap Forward," the "Charter of the Magnitogorsk Iron and Steel Combine" was then being criticized and there was much chaotic destruction. Many systems were abolished before enforcement. The "70 Regulations in Industry" were enforced, but these regulations, soon after their promulgation, were wrecked for a period of 10 years with the coming of the "Great Cultural Revolution." It was only after the 3d Plenary Session of the 11th CPC Central Committee that consolidation began. Hence, the foundation of enterprise management in the Wuhan Steel Plant has been extremely weak. A management level of this kind was incompatible with modern large-scale production. It could hardly perform the functions of organization and command in production work. In spite of the introduction of advanced equipment, its capabilities could not be displayed and there was no way to get rid of the passive production state. Hence, insofar as the Wuhan plant is concerned, strengthening of its enterprise management was especially significant.

Which areas should be strengthened? Major efforts should be devoted to the most basic links of foundation management. The Wuhan Steel Plant has experienced the large incidents of wasting two flows of molten steel in a single day. There were also instances of certain other accidents but there was no way of determining who was responsible. Comrade Deng Xiaoping criticized such happenings and pointed out the necessity to set up and improve the necessary regulations and systems. Modernized management requires the existence of good basic management work. If it is not possible to find out those responsible for accidents or to supply correct figures when needed, how can we talk about modernized management? For this reason,

once consolidation work began, we emphasized the "three basics work." That is, grasping the grass-roots level, building the foundations, and training in the basic skills." We also started by consolidating labor discipline and improving the "three rules and three systems." The "three rules" are rules on technical operations, safety production, and equipment maintenance. The "three systems" are the post responsibility, attendance record, and shift systems.

All the enterprise's activities are carried out at the various posts and the nucleus of the enterprise's basic management is the post responsibility system. Enforcement of the post responsibility system is the breakthrough point in strengthening basic management. The company specifically divided the general target in production management into over 400,000 separate assessment targets and each one of them was assigned to a post and to individual personnel. Thus, after suitably assigning people to posts; earmarking each post's responsibilities; and determining merits according to responsibilities and awards and fixing commendations according to merits, an economic responsibility network structure with vertical and lateral relations was formed.

Since 1982, the Wuhan Steel Plant has set the economic responsibility system as the center; strengthened basic management work; tightly grasped the all-round consolidation of enterprise management work; insisted on avoiding doing something as a mere formality; rejected making vain postures; talked about and studied actual results; and grasped the work to the finish and constantly intensified it. For example, in 1984, on the basis of the original economic responsibility system, it developed a new economic responsibility system centered on various contract forms, and began to devote 3 days each month to the activity of checking the economic responsibility system. In 1985, it proceeded further to take management of the guideline targets as the center and with the economic contract responsibility system as the foundation set up a specialized management system. After several years of consolidation, the various kinds of basic management work were strengthened and the enterprise emerged from "confusion" to "order," realizing a change in production from instability to a benign cycle. The phenomenon of heavy ups and downs in production disappeared and even during the hot summer months of July and August in Wuhan, balanced production was realized. In the past few years, despite the yearly increase in tasks and assignments, we have no longer engaged in such activities designated as a "rosy beginning," or "high production month," or "gift presentation," or "fighting high temperatures and seizing a high yield," and so forth. We reckoned that only when various conditions of work had matured, and normal production order was achieved, would high yield come of its own accord. Otherwise, savage man-made efforts may bring about a rise today but a fall tomorrow. History has provided us with lessons in this regard.

Construction work in strengthening the leadership team is the key to enterprise consolidation. Since 1982, the plant's leadership, beginning with each factory, mine, department workshop and section, consolidated the leadership team according to the standards of the "four modernizations." It adopted diversified forms of appointing, engaging, inviting and

democratically electing, to select and employ talented persons without adhering to any fixed rule. But personnel must be subjected to assessment once every half year and with regard to cadres who were unable to open up the situation or were unequal to their tasks, prompt readjustment was made. Through the "three fixings" (fixed post, composition, and personnel) and retrenchment and streamlining, in 1985 as compared with 1982, the number of departmental offices was reduced by 33 percent; the number of sectional offices was reduced by 24 percent; the number of cadres at departmental level was reduced by 38 percent; and the number of cadres at the sectional level was reduced by 19 percent. All the cadres were subjected to the tenure system and both the practices of "an iron job" and "permanent post" were abolished. The state of superficial or overly large staffs was changed and work efficiency was generally improved. Construction of each team was combined with the work of a new ideological style in party reform. Improvement in the structure of cadres and improvement in their qualities and properties has provided enterprise management with vitality and vigor.

Strengthening personnel training, enhancing the work teams' qualities and properties in politics and business are important measures in strengthening basic management and raising the management level. Over the past 5 years, the plant has provided training for 200,000 staff members and workers. Each year, on average, some 40,000 persons have received primary to high level training, and training in political theory, management, technology and cultural topics. In addition, various kinds of learning and research activities were developed and the whole company has formed a relatively integrated educational structure for staff members and workers. This has far-reaching influences on the enterprise's development.

Following several years of consolidation and reform, basic management has been augmented and a firm foundation has been laid not only for development of production, but also for the modernization of management.

## II. Digesting "1.7 Meter" Technology and the All-Round Raising of the Enterprise's Technological Level

In owning 1.7 meter rolling mill equipment of an advanced technological level, the Wuhan Steel Plant was one of the privileged few during the Sixth 5-Year Plan period. Nevertheless, how did we attempt to exploit the favorable conditions so that we could first learn, second use, third transform, and fourth create something new, and to enable the introduced technology to become a catalyst for raising the overall technological level? Basically, our method was as follows:

First, we resorted to digesting, that is, learning and using including operation and maintenance, and so forth. The "1.7 meter" mill was related to the technologies of a score of countries and over 100 factories, being extremely complex and complicated. This provided us with a good opportunity to understand and learn foreign technology. In all, we dispatched some 4,516 people to foreign countries and various places around the country to learn the techniques. Within the plant we provided training for 6,564 people, translated and studied 31.64 million characters of reference materials, and

reprinted 12.5 tons of charts and diagrams. When there were no charts or diagrams to refer to, we sent people to make on-the-spot surveys and draw up the charts and diagrams. We managed to basically digest and grasp the 231 patented items and 217 tricks of the trade. Regarding equipment maintenance, we carried out various systems such as the regional engineers responsibility system; checking and inspection system; rotating inspection system; ascertaining system; fixed or periodic maintenance system; and so forth.

Second, on all fronts, we carried out measures to lead the technological transformation and advancement of the old plants. Wuhan Steel Plant's mining and metallurgical equipment in the preceding period had all been equipment of the 1950's, which were seriously imbalanced with regard to output quantity requirements, product variety and quality, and the properties of products when compared with the "1.7 meter" mill. If no change was made in these conditions, the "1.7 meter" setup could not perform its function and exploit its favorable conditions. This meant that the technology of the old plants had to be elevated to a level in conformity with that of the "1.7 meter" rolling mill. We analyzed each and every one of the principal weak links, engaged in large-scale coordination and transformation work, and successively transformed the relevant iron ore mines. Of the six coking furnaces, five were subjected to a thorough and major overhaul. Of the four blast furnaces, two were overhauled, while overhauling and transforming work was done on four of the open hearths. In particular, commencing in the second half of 1984, No 4 blast furnace, No 3 open hearth, No 3 sintering system, and No 5 coking furnace were simultaneously subjected to rebuilding and transformation. In the course of the transformation work, new technology was employed whenever necessary. Over the past 5 years, 20 large scientific and technological projects were tackled successfully, over 60 new technologies were employed and promoted, while some 175 technological and scientific research results which envisaged relatively high economic benefits were successfully implemented. Of the latter, 73 projects received the Metallurgical Ministry's awards for large and important scientific and technological research results, 32 projects received state awards for invention, and 13 projects were given awards for scientific and technological achievements. In addition, good results were achieved in some 2,382 technological renovation projects. Following several years of renovation, the technological level in the various stages of the metallurgical process was raised, being basically in line with the production requirements of the "1.7 meter" rolling mill.

Third, on the basis of digesting and using, we turned to transforming and to creating something new. This represented a strategic countermeasure after the introduction of technology had developed to a certain degree. If in regard to the introduction of technology no effort is made to transform and create something new, then "technology's power of making a breakthrough" may be lost. In such a case, not only can we not shorten the disparity through the introduction of technology, but also the disparity may be enlarged and we may fall into the passive state of "technological introduction leading to further technological introduction." Moreover, in the case of certain technologies, if after their introduction we do not make any effort to transform or create something new, they can hardly be suited to

the environment of our country's resources and other relevant factors. Hence, in the process of digesting the technology of the "1.7 meter" rolling mill, we have grasped all along transformation and new creation work. For example, in regard to the continuous casting ratio of converter furnaces, the original plan had called for a ratio of 80 percent but, following transformation, the ratio was raised to 100 percent. The patent for silicon steel originally provided that in regard to a portion of the high-brand silicon steel slabs, casting should be done only in individual molds, but following transformation and new creation, all could go through the continuous casting-production process. The hot rolling shop made an all-round renovation of the introduced computerized numerical model and set up one with its own special features. The cold rolling shop numerical model, following transformation and new creation, has reduced energy consumption by 5 percent. Simultaneously with transforming the technological equipment in the series of products, a breakthrough was made in the original planning program. Twenty-four categories of new products were successfully trial-produced, including steel with antiatmospheric corrosion properties, low-alloy motor vehicle steel beams, zinc alloy-plated plates. In actual production practice the equipment was constantly transformed. Over the past several years, in the hot rolling shop alone some 1,223 large and small transformation projects were undertaken. Of the scientific and technological activities in connection with the transformation and new creation of the "1.7 meter" setup, three projects were accorded the honor of the state's award for invention and 42 projects received the Metallurgical Ministry's award for scientific and research accomplishments.

The digesting and open-up of "1.7 meter" technology has trained up a large number of technicians and management personnel, turned out products that were in short supply or lacking in the "four modernizations" program, and brought about an all-round elevation of the technological level of the enterprise. This raised the platform for the enterprise's progress and augmented its ability for autonomous development. Its functions far exceeded the scope of an enterprise or department.

### III. Maintaining a Rational Growth Structure, Realizing a Benign Cycle of Development

The development speed and benefits of socialist enterprises should be unified and so also should the interests of the three parties, namely, the state, the enterprise, and the staff members and workers. Only in such a development can a benign cycle be realized enabling an enterprise to have innate motive power. How can unification be achieved? A rational composition of growth rates in output volume, output value, taxes and profits, profit retention, salaries and wages and fringe benefits is a condition for the unification of speed and benefit and is also the result of such a unification. It is also a guarantee for integrating the interests of the three parties. If it is said that enterprise management and science and technology are the two "wheels" of development of an enterprise, then this rational growth structure is the "motive power machine." During the Sixth 5-Year Plan period, the Wuhan Steel Plant paid relatively close attention to correctly handling the relationships on these several sides.

First, rational arrangements were made for the ratio between output volume, output value and taxes on realized profits, achieving the unification of speed and benefits. The results of the operations were: In 1985 as compared with 1980, steel output increased by 43.24 percent, averaging an annual increase of 7.45 percent; gross industrial output value increased by 72.06 percent, an average annual increase of 11.8 percent; and taxes on realized profits increased by 200 percent, averaging an annual increase of 24.64 percent. In growth speed, the taxes on profits were larger than output value while that of output value was larger than that of output quantity. The principal road to realizing a rational growth composition was the full exploitation of the innate functions of the various factors of the productive forces, improving the labor productivity rate and carrying out expanded reproduction mainly by intension. In addition to what was mentioned above as augmenting basic management, digesting and absorbing the "1.7 meter" technology, improving the enterprise's technological level, and so forth, we may mention the following: 1) Concurrently with increasing the output quantity, the variety of products was increased, the structure of products was readjusted, and the quality and properties of the products were improved. Over the past 5 years, the whole plant developed over 50 new varieties of products of which 30 were assessed as fit for production. With regard to the quality and properties of the products, 10 gold and silver medals were obtained and 48 products were given good quality certificates issued by the province or department, while the rate of superior-quality products increased from 6 percent to 62.5 percent. 2) By means of such measures as practicing economy in the consumption of energy and raw materials, raising the continuous casting rate, raising the ratio of finished products, augmenting equipment maintenance, reducing outlay for repairs and stepping up the turnover of funds, during the past 5 years, in comparison with the same products in the past, the cost of production was lowered by 23 percent, or by 1.5 billion yuan, or by a net reduction of 860 million yuan after deducting the price rise factor.

Second, the ratio between taxes on realized profits, profits-tax delivered to the state and profits retention by the enterprise was rationally arranged. In 1985 as compared with 1980, the profits-tax delivered to the state increased from 360 million yuan to 820 million yuan, an increase of 122 percent, averaging an annual increase of 100 million yuan or an average annual increase of 17 percent. Profit retention by the enterprise increased from 30 million yuan to 270 million yuan, an increase of 861 percent, averaging an annual increase of 57 percent. Thus, on the precondition of giving priority to ensuring an increase in the state's benefits, the enterprise's benefits were increased and its capacity for self-development was further augmented.

Third, the ratios in the distribution of the production development funds, staff welfare funds and awards and commendation funds from among the retained profits of the enterprise were rationally arranged. The profit retentions of the enterprise for the past 5 years totaled 850 million yuan. Of this amount, the distribution to production development funds was 480 million yuan, or 57 percent; to staff welfare funds, 240 million yuan, or 29 percent; and to awards and commendation funds, 110 million yuan, or 13 percent.

Basically speaking the above growth rate and the distribution structure were rational, satisfying, on the one hand, society's daily growing needs for commodity production and, on the other hand, enabling the state to receive more revenue, the enterprise to retain more profits and the individuals to enhance their income. The enterprise has thus increased its capacity to make more self-accumulations and to carry out more self-transformation and self-development projects. During the Sixth 5-Year Plan period, of the 740 million yuan transformation and development funds of the Wuhan Steel Plant, 640 million yuan was raised by the plant itself. In addition, enterprise production benefits were closely linked to the honor, prestige and material interests of the staff members and workers. Economically, the status of the staff members and workers as masters of the house was manifested, and their active concern with the enterprise's production and operations was aroused thereby enabling the enterprise to develop even more rapidly.

As mentioned above, the development of an enterprise is the result of the functions of various factors being brought into play. In the development of the Wuhan Steel Plant, building of spiritual civilization has been an important factor. It has ensured the enterprise took the socialist direction for development, stimulated the broad masses of staff members and workers to persist in their work as masters of the house, to learn and study diligently, and to strive earnestly to progress upward, forming a contingent of forces which have ideals, are virtuous, cultured, and well observant of discipline.

Following these several years' efforts, the Wuhan Steel Plant has accumulated a reserve strength for development. At present, its development has only started and is still at some distance compared with the advanced enterprises. The potential of the original 5.9 billion yuan worth of fixed assets, the potential in manpower and in science and technology, and particularly the potential in management, is vast. In the Seventh 5-Year Plan period, in order to tap and release these potentials, it will still be necessary to undertake reform and further invigoration. Insofar as the state is concerned, it is necessary to carry out the guidelines that large enterprises must possess decisionmaking power, including power in planning, distributing and marketing, while, in regard to the enterprises, they should look inward, and exploit the capabilities of the management, of science and technology, of rational growth rates, of diversified operations, and of ideological and political work. In a word, we must seek ability from reform. Only by so doing can the Wuhan Steel Plant, like all other large and medium-sized enterprises, be more fully imbued with life and vitality.

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## ON METHODOLOGY IN THE STUDY OF LITERATURE AND ART

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[Article by Chen Yong [7115 8673]; passages within slantlines published in italics]

[Text] Methods are tools to aid people's thought, but scientific methods are not developed subjectively at will. They must conform to the essence of the objects of study and to the laws that govern the objects of study. A scientific method reflects the essence and laws related to the object of study. Marxist methodology conforms to the Marxist world outlook and epistemology.

From a Marxist point of view, literature and art has its own specific essence and laws, as well as the common essence and law for all social ideology, which includes literature and art. These two aspects are linked with and differ from each other. We say that a particular culture is the reflection of the politics and economics of a particular society and simultaneously yields a great impact on the politics and economics. This is an essential property common to all the cultural sectors in ideology as a whole, and literature and art is no exception. (Of course, this refers fundamentally to culture as a social class ideology in terms of its essence and does not mean that we should mechanically give such an explanation to every specific literature and art phenomenon.) Each sector of ideology has its own special essence. In order to know the ideology of each specific sector, it is necessary to study both the common essence of all the sectors of social ideology and the special essence of each particular sector of ideology. Literature and art is no exception.

An important topic of study of literature and art methodology is to correctly solve the problem concerning the relationship between the general essence of literature and art that is common for the social ideology of which literature and art constitutes a part, and the special essence of literature and art as a special method to reflect life. The methodology of Marxist literature and art theory can only be established on the basis of the historical materialist theory about ideology and the dialectical materialist epistemology. Historical materialist theory about ideology and dialectical epistemology are the theoretical foundation for us in studying all ideological issues. At the same time, they are also the foundation for us in studying the methodology in dealing with ideological issues. Therefore, in our views, theory and methods are identical.



For a long time, under the influence of "leftist" dogmatic thoughts, when we studied literature and art matters, we often only paid attention to the common aspects of literature and art and other sectors of ideology, but relatively seldom paid attention to the differences between it and other sectors of ideology. In other words, we often mainly paid attention to the common essence of literature and art and other sectors of ideology, but seldom paid attention to the special essence of literature and art. This dogmatic method to deal with Marxism made us neglect the study of the special properties of our literature and art. As a result, it was impossible for our practice of literary creation to play its special and unique functions that cannot be replaced by those of other sectors of ideology. For a long time, lots of formularized literature and art works emerged and there were serious fetters to the development of our literature and art thought and to the improvement of literature and art.

Everybody can see that over the past few years there have been grand changes in China's political, economic, and spiritual life. There have also been very profound changes in literature and art and a brisk and prosperous situation rare in our history has emerged. This cannot be separated from the overcoming of dogmatism, the beginning to relatively rationally handle the relationship between generality and speciality in our thought and practice, and the paying of relatively great attention to combining the general essence of all ideology, including literature and art, and the special essence of literature and art.

However, contrary to the situation in the past, the viewpoint has emerged in which diverse excuses related to the special properties of literature and art are used to repudiate the properties of literature and art as a social ideology. Marxist theory about ideology--the historical materialism theory about ideology and the dialectical materialist epistemology--are regarded as outdated "traditional ideas" and "traditional methods." It is required that "new ideas" and "new methods" should replace the "traditional ideas" and "traditional methods" of Marxism (or at least old ideas and methods, including Marxist ones). A variety of explanations that do not conform to Marxism's original features are given to Marxism. This has in fact distorted Marxism in a caricatural manner.

These problems are noticeable, worth showing concern about, and worth studying. They are not nonessential problems, nor are they merely specific theoretical ones. They are problems directly related to our attitude toward the basic principles of Marxism and to the destiny of our socialist literature and art.

## I

Over the past few years, Comrade Liu Zaifu has published a series of theses on literature and art theory. The thesis that he published relatively early on the dual nature of people's character has created a strong response in literature and art circles. What we call a strong response includes both praise and criticism. Comrade Liu Zaifu's thesis on the dual nature of character mainly discusses the theoretical issues concerning character types

in literature, but the many theses he published later are of a wider sphere, are more systematic, and involve a series of basic issues concerning philosophy, esthetics, and literature and art theory. Here, I am only going to put forth some of my opinions concerning some methodological issues, but as it is impossible to entirely separate methodological issues from issues of theoretical points of view, the discussion about methodological issues cannot avoid involving some most basic theoretical points of view.

In Comrade Liu Zaifu's thesis entitled "Enlargement of the Scope of Thought for Literary Research," he put forth a series of views on reform in literary research, introduced some new methods of literary research from abroad, and presented fairly great detail about domestic attempts in literary research to find and probe new methods. Of course, it is necessary to make a special study of them in a truth-seeking manner before we can judge the value of the many specific theories and methods. However, when Comrade Liu Zaifu expounded on the trend of literary research in the past few years, he briefed his readers on what he thought to be a "noticeable" trend of "switching from the external to the internal":

/"Switching from the external to the internal means switching from observing the external laws of literature to deepening the research into the internal laws of literature. Our literary research in the past mainly focused on the external laws, namely, the relationship between literature and the economic foundation and between literature and other forms of ideology in the superstructure, such as the relationship between literature and politics, between literature and social life, and between writers' world outlook and methods of writing. Over the past few years, the research has switched to internal laws; in other words, we have been carrying out research into the esthetic characteristics of literature itself, the relationships between various factors in literature, and the structural forms and laws of movement of various categories of literature. In short, research has returned to literature itself."/

Comrade Liu Zaifu was not the first to regard basic Marxist principles on literature and esthetics and the laws of art expounded by basic Marxist principles as so-called "external laws." Some people did so 3 or 4 years ago. However, Comrade Liu Zaifu has indeed done something rare by so specifically and definitely regarding many basic principles concerning literature and art issues expounded by historical and dialectical materialism (such as those concerning the relationship between literature and politics, between literature and social life, and between writers' world outlook and methods of writing) simply as matters of "external laws." In fact, from Marxist points of view, many aspects of what Comrade Liu Zaifu listed as "relationships between literature and the economic foundation and between literature and other forms of ideology in the superstructure" are precisely what determine the nature, contents, and developmental orientation of literature and art. They are not what are called "external laws"; on the contrary, they are the most basic and most fundamental internal laws of literature and art.

From Marxist points of view, it is utterly impossible to understand the essence of literature and art if we study literature and art without taking

into consideration the relationships between it and politics, economics, and social life, and between world outlook and methods of writing.

Marxism requires us to persist in applying the universal principles of the historical materialist theory on ideology and the dialectical materialist epistemology in order to understand the special essence of literature and art. Without an understanding of the properties of literature as a form of social ideology, it is impossible for us to give a scientific explanation for what Comrade Liu Zaifu called "the esthetic characteristics of literature, the relationships between various factors in literature, and the structural forms and laws of movement of various categories of literature themselves." Here, the entire question is the combination between the general and the particular. As far back as at the end of 1846 and the beginning of 1847, Engels called his own literary criticism a criticism by the "historical viewpoints of esthetics." This precisely embodied the spirit of combining the social and historical essence of literature with the esthetic methods particular to literature in its reflection of life. However, our Marxist theory on literature and art neglected this for a long time in the past. It mainly neglected the study of the specific laws concerning how literature and art reflect life through the esthetic methods peculiar to them. This is a shortcoming that we should overcome. But "the particular must exist in connection with the general"; therefore, only under the guidance of the general laws of Marxism can we avoid going astray in studying particular things. It is harmful in practice as well as untenable in theory to study the special laws of literature and art in isolation from the properties of literature and art as a form of social ideology, or to regard as "external laws" the series of important esthetic principles disclosed by Marxism concerning the relationships between literature and politics and social life and between writers' world outlook and their methods of writing.

There must be an economic foundation or precondition for any development or change in the literature and art of a time. This is not only because people should first be provided with clothing and food for their survival before they can take up the work of literary and artistic creation, but is also because the nature of the economy of any time, in the final analysis, determines the nature of literature and art. We can find the economic origin or contents in the literature and art of any class in any era. Politics is the concentrated reflection of the economy; therefore, the literature and art of all classes in all eras unavoidably has political contents. It is precisely this historical materialist viewpoint in the sphere of literature and art, rather than any other theories, that for the first time enables us to obtain a truly objective, integrated, deep, and scientific understanding of the fundamental laws of literature and art.

In the field of literature and art, Marx and Engels studied the most important periods in Europe's history of literature and art, including ancient Greece, the Renaissance, and the 18th and 19th centuries. The characteristics of these periods and the relationships between these characteristics and the politics and economies then that Marx and Engels expounded on, were undoubtedly actual applications of their viewpoints to the field of literature and art.

Greek art prospered on the basis of the relative prosperity in Greek economics and the city-state democracy and slave system peculiar to Greece. The economic and political characteristics of ancient Greece determined the fundamental characteristics of Greek art. The lively and free characteristics of Greek philosophy that Engels spoke highly of were also reflected in Greek art as a whole. If we make only a little comparison, we will find a tremendous difference between ancient Greek and ancient Oriental art. If we say that ancient Greek art embodies lively and free thinking and is to some extent "the emancipation of man," then the bronze art such as that in the slave era of China's Yin and Zhou Dynasties makes us see more about the oppression of man and feel more greatly the mystic force of terror from the monarchy. Extremely high skill is shown in China's bronze art and it has great esthetic value, but today, from the point of view of social ideology, China's bronze art undoubtedly reflects the characteristics of the slave system of Oriental oligarchic dictatorship.

We say that the bronze art of the Yin and Zhou Dynasties makes people feel oppressed and the mystic force of terror from the monarchy. This is a sharp contrast to the feeling of liveliness and freedom that is roused by ancient Greek art. In the final analysis, this difference originates in the economic and political differences between the two slave systems. We can be sure about this. In China, beginning in the Warring States Period, there was a clear change in the spirit reflected by the art. The previous feeling of mystic terror and the previous overelaborate, excessively decorative, and oppressive style began to be replaced by a relaxed and open style. In other words, in contrast, some liveliness and freedom can be felt. A simplistic historical comparison is often not appropriate, but it seems that the liveliness and freedom in thought that Engels spoke highly of did not begin to emerge until the Warring States Period. Changes in spirit reflect the changes in society and history. Without this historical materialist viewpoint it is impossible to understand the fundamental causes of spiritual phenomena including literature and art. It is also impossible to answer the question of why the features of literature and art vary as times vary, a question that was not answered until the emergence of historical materialism.

## II

In some of Comrade Liu Zaifu's theses, he criticized the vulgar sociology and mechanical materialism that indeed exist in the field of literature and art. In his article entitled "On the Topics of Literature," Comrade Liu Zaifu criticized the mechanical materialist views concerning existence and consciousness, subject and object, and freedom and necessity, which indeed existed in our literature and art in the past. He was not unjustified in doing so. We should say that he saw the mistakes and shortcomings of our previous literature and art thought in this area. However, he failed to distinguish the mistakes and shortcomings of some people in explaining and applying Marxist viewpoints from the genuine viewpoints of Marxism. While negating our mistakes and shortcomings, he also negated Marxist viewpoints and methods concerning these matters.

At the very beginning of the first section of the thesis entitled "On the Topics of Literature," he said:

/"Man has a dual nature: passivity and activity. Objectively, as to his existence, man is passive. In other words, he is restricted by certain natural and social relations. As an acting and practicing man, he is active. In other words, in accordance with his own will and ability, he carries out creative deeds and dominates the external world. By stressing his nature, we actually stress man's activity, man's willpower, ability, and creativeness, man's strength, and the position and value of his nature in the movement of history."/

Undoubtedly, we can regard man as having the dual natures of passivity and activity. However, how can we separate man's "objective existence" from "man as acting man"? Is an objectively existing man not an acting man? Is an acting man not an objectively existing man? How can we ascribe man's "passivity" to "man as an objective existence" while ascribing "activity" to "acting man"? Isn't there activity in objectively existing man? Isn't there passivity in "acting man"? In other words, can "acting man" dominate the external world by his own willpower and ability without being restricted by certain natural and social relations? In fact, objectively existing man is also acting man and vice versa. This is the crux and core of Marxism that differs from all previous philosophies and theories about man. Man objectively exists as the subject of practice. Both passivity and activity are embodied in man who carries out practice, and they are realized in the course of practice. Talking about man's passivity and activity without including social practice means either a return to the perceptive theory of reflection upheld by mechanical materialism or a step toward subjective idealism. In his articles, Comrade Liu Zaifu repeatedly talked about "self-realization," "subjective nature," and "activity," but he overlooked the basis and precondition for his so-called "self-realization" or for his "acting man" to give play to his dynamic role as a subject.

People create their own history. None of the aspects of social life can be separated from man as the subject of history, and the history of society is the consequence of man's practice. However, man's practice, creation, and "self-realization" can never be boundlessly expanded when divorced from certain social and historical conditions. Compared with idealists, Marxists by no means affirm to a lesser extent the great significance of man's nature as a subject and man's activity but they definitely hold that it is under set conditions which people cannot choose at will whereby people create their own history. Of course, the set objective historical conditions that one generation of people are faced with are the consequence of the practice of the preceding generation. However, the practice of the preceding generation was carried out in light of the conditions that they were faced with and that were accumulated and left over by the generations before them. The historical practice of all the human race, including the practice of production, class struggles, and literature and art, is carried out in this way. Marx said:

/"What, after all, is society--whatever its form? It is the outcome of interaction. Can people choose a certain form of society at will? No, never."

/"People cannot choose their productive forces at will--this is the historical foundation for them. All productive forces are a kind of established force or the outcome of past activities."/

Precisely because of this, Marxists fully affirm the effect of literature and art on politics, economics and the whole of social life; affirm the dynamic role of art as the subject of creation; and also affirm the dynamic role of man in society as the object of reflection, that of readers as the ones who must accept what is presented, and that of critics. However, we should first affirm that there is no topic in "acting man" that transcends time, space, or social and historical conditions, nor is there any activity of "self-realization" used as a topic that unconditionally boundlessly expands. This holds for any aspect of social life including literature and art.

For literature and art, there is no absolute independence, only relative independence, and there is no absolutely independent history, only relatively independent history. It is also impossible for the esthetic characteristics of literature and art to be absolutely independent. Literature and art, its history, and its esthetic characteristics, in the final analysis can only be explained through certain social and economic relationships. In the final analysis, people pursue literature and art precisely in the same way as they pursue what they want in their lives. It deviates from Marxist materialism to regard the relationship between literature and art and economics and politics, and between literature and art and life, as "external laws," and to demand a return of literature and art to "its own esthetic characteristics."

Historical materialism regards economics as the final or ultimate decisive factor in all social life. Engels sometimes called it the ultimate motive. But neither Marx nor Engels ever held that economics was the only decisive factor in social life. While affirming the economy's decisive role in all social life, including spiritual life, Marx and Engels did not forget the significance of other factors, and they pointed out the interaction of various factors. In the French edition of "Das Kapital," which Marx personally proofread, he added an exposition that climate and the degree of land fertility were of great significance to both economic development and the development of people's minds and psyches. Marxist theory and methodology, which is, as Lenin said, "most integrated and profound and free from any defect of one-sidedness," have nothing in common with vulgar materialism, economic materialism, or the method of thought that upholds unidirectional linear causality. We should never judge Marxism in light of the criticism made by those who know little about Marxism and who painstakingly distort Marxism almost by way of caricature on the basis of assumptions or simply based on hearsay. We should review Lenin's instruction for us to study Marxism based on what Marx and Engels wrote. This instruction is not outdated. Many critics who have recently criticized Marxism lack basic knowledge about Marxism.

In order to know how the founders of Marxism actually analyzed matters of social life in an all-round and historical manner, we should go back to Marx' comparison between and analysis of ancient Greece and the capitalist era.

When Marx analyzed the prosperity of Greek art, he did not think that it was solely based on the level of development of the Greek economy then. As a matter of fact, the level of economic development of the era Marx lived in was not only much higher than that of ancient Greece, but was also higher than any time before. As opposed to the vulgar materialists who thought that the level of development of the productive forces could determine everything and could directly determine the level of the development of art, when Marx studied the relationships between art and politics and economics, he not only paid attention to the level of the development of the productive forces, but also always probed the nature and characteristics of the economic relationships in each era in order to know whether they were conducive or detrimental to man's spiritual development, and which of them were conducive and which were detrimental. By so doing, he deduced the following well known conclusion: Capitalism has opened up tremendous possibilities for the development of the human race's production. From a long-term historical point of view, this is conducive to the development of the art of the human race and to the development of the whole ideological sector. But capitalist economic relations and division of labor have turned people into slaves of the division of labor and accessories to machines. Capitalism is the enemy of certain production sectors such as art and poetry. Undoubtedly, ancient individual economy was narrow and had great limitations, but in its narrow and limited scope, it enabled people to display their initiative and creativeness--the strength of people's innermost essence. Precisely because of this, the small-scale peasant economy, no matter how small the scale, retains its poetic flavor, which can be described artistically. In the capitalist world, we only can see works such as Charles Spencer Chaplin's "Modern Times," but no genuine works of art that sing the praises of capitalist labor.

In the following passages, we can see that Marx' comparison between and analysis of the ancient world and the capitalist world are incomparably profound and thorough. Surely they can play a role in urging those who regard Marxist determinism as vulgar sociology and who adopt the ideology that upholds unidirectional linear causality to question themselves.

/"Among ancient people, wealth was not the goal of their production..."

/"Therefore, in contrast, ancient viewpoints are much nobler than those of the modern world. According to ancient points of view, man, however narrow his national, religious, or political definition, was ultimately reflected as the goal of production. In the modern world, production becomes man's goal, while wealth becomes the goal of production."

/"In the period of bourgeois economics and production which corresponds to the economy, the full display of man's internal essence finds expression in complete emptiness; the universal process of materialization finds expression in overall alienation; and the abolishment of all set and one-sided goals finds its expression in the practice of giving away one's own goals in

pursuit of purely external goals. Therefore, on the one hand, the immature ancient world looks more lofty, but on the other hand, in terms of the people's arduous following of closed modes and forms and following of preset restrictions, the ancient world was indeed loftier. The ancient world provides satisfaction which can be regarded as such from its limited point of view, but the modern world provides no satisfaction. A place where self-satisfaction emerges in modern times is a vulgar place."/

We can see that the view that the development of the capitalist productive forces, including the development of the natural sciences and technology, can determine everything is still in vogue. In the cultural field, those who hold this view think that as the capitalist productive forces are highly developed, it follows that its literature and art is also. Therefore, as China is a country where small-scale production existed for a long time, surely its culture is destined to be backward. These people have a sense of inferiority in the face of Western countries and seem to think that their own nation has nothing good. They sometimes negate China's cultural traditions to such an extent as to entirely forget their own origins.

If we say that in his later years Engels sternly criticized the vulgar viewpoint that regarded economics as the only factor that determined social life and thought that this viewpoint was entirely out of tune with historical materialist viewpoints, then obviously the viewpoint we encounter that regards the productive forces as the only factor that determines social life (of course including literature and art) is even lower than what Engels criticized in his later years. However, those who now hold this viewpoint are often those who are actively criticizing vulgar sociology. They even confuse Marxism with real vulgar sociology and criticize it indiscriminately. They also criticize the ideology of unidirectional linear causality, but they often regard Marxist determinism and the Marxist theory on foundation and upper-structure as the ideology of unidirectional linear causality. What can we say about this practice?

Undoubtedly, Marxism has its own firm and consistent theoretical principles, but it is not a "closed system." According to Lenin's accurate exposition, Marxism is an inevitable outcome of the development of all the culture of the human race before it and is the genuine continuation and development of all the fine human cultural legacy before it. Marxism has nothing in common with any faction. It not only will not repudiate any past, current, or future valuable scientific thought of the human race, but it will actually use all valuable scientific ideas to enrich itself. This is the essential nature of Marxism as the greatest achievement of the development of human thought. Without this essential nature, Marxism would be bound to become rigid and wither away.

There are two aspects of the present problem. On the one hand, there are some conservative and narrow ideas which deny that Marxism should be pushed forward and developed in light of the new situation, new experiences, and new scientific and ideological achievements. On the other hand, there are some people who do not think that we should develop Marxism on the basis of Marxism and who even intend to substitute non-Marxist viewpoints for Marxism.



When some people publicize systematic ideology, they in fact explain systematic ideology by eclecticism. While reasonably affirming the necessity of studying things from many angles and at various levels, they regard as equal the factors of different levels which have different significance and roles owing to their different levels. For example, they regard political and economic factors that determine literature and art as of the same significance as other factors. This eclectic view does not facilitate understanding the essence of literature and art, only obscures it.

It is necessary to observe diverse levels of literature and art phenomena from diverse angles. In the past we had the shortcoming of mechanically seeking uniformity. While affirming the historical materialist viewpoints and while ascertaining that literature and art reflect politics and economics, we are often apt to overlook other factors that restrict the development of literature and art; for example, the factors such as writers and artists' personal psychological characteristics, experience, and education, ethnic characteristics, social psychology, tradition, and even geographical environment. All these factors have their influence on the development and features of literature; therefore, if we fail to estimate the influence of these factors, we will not be able to study literature in totality. None of these factors is isolated, and there is interaction between them and the economic foundation and interaction among themselves. However, we should not fail to see that the above factors are not of equal significance and do not play an equal role in the development of literature and art. In Engels' words, economics has a "final and dominant influence" over the whole superstructure, including literature and art.

Therefore, affirming that a particular work of literature or art is the reflection of particular politics and economics means grasping the basic fact and mastering the basic general law that governs the development and changes of literature and art. The essence of the historical materialist theory on ideology lies first of all in affirming this basic fact and this basic and general law. If we think that there should be different levels of the essence and laws of literature and art, then we should say that the essence and laws expounded by historical materialism are the highest level of the essence and laws of literature and art.

### III

It seems that Comrade Liu Zaifu does not confine himself to general discussions on theoretical and methodological issues, and he applies his own theories and methods to observe history and reality. He has his own views and evaluations of the literary movement since the "4 May Movement" that introduced Marxism into China. It is precisely because of this that the nature of his literary theories and approach is demonstrated all the more clearly.

In his article "Introspection and Self-Transcendence in Literature," Comrade Liu Zaifu says:

/"The enthusiasm for introspection in literature has obviously surged into the realm of literature studies from the realm of literary creation in recent years, the realm of literary theory and criticism in particular. This has gradually become the introspection of literature students on literature itself, namely, a reexamination of the basic theories, concepts, and methods of thought of our literature over the past few decades."/

Comrade Liu Zaifu believes that a theoretical revolution is under way in China. In his own terms, it is a "positive readjustment" or a "positive design." Regarding the historical significance of such a "readjustment" or "design," he has the following evaluation: "This is another positive readjustment in the developmental process of China's new culture, and we can even say that it is a positive design for the modernization of China's culture." Why does he say "another"? This is because "it is the building of a new culture with a grand sweep, emerging for the first time in China since the 4 May Movement." Obviously, Comrade Liu Zaifu believes that the current "reexamination of the basic theories, concepts, and methods of thought of our literature over the past few decades" is another important ideological change since the "4 May Movement." But what are our "basic theories, concepts, and methods of thought"? Herein lies the crucial question, as well as possible disputes.

Since the "4 May Movement," the spread of Marxism in China and the combination of Marxism with China's revolutionary practice have gone on for more than half a century, and the Chinese revolution eventually succeeded over 3 decades ago. The victory of the Chinese revolution was the victory of Marxism in China, which is a fact that must be acknowledged. The revolution in China's culture and art since the "4 May Movement" emerged basically as a component part of the Chinese revolution. Therefore, when speaking of China's "basic theories, concepts, and methods of thought," we must primarily ascertain that they are Marxist "basic theories, concepts, and methods of thought." True, we have committed all kinds of mistakes, of which the majority were errors of a "leftist" dogmatic nature, including the errors of mechanical materialism and vulgar sociology. However, our history of culture and art thought is not just one of mistakes, and the same holds for our history of politics and political ideas. So long as we adopt an all-round historical and analytical attitude regarding our problems, we cannot but acknowledge that we have made grave mistakes in theory, guiding ideology, and in the field of literature and art. The effects of the mistakes are deep-rooted and should be thoroughly weeded out [qing li 3237 3810] continuously in a big way. However, we must also see that since the existence of the revolutionary literature and art movement, Marxist ideas have always been powerful in China. Even when erroneous ideas and lines held sway, Marxist "basic theories, concepts, and methods of thought" have not perished. On the contrary, they have been tempered, enriched, and developed under the most difficult conditions. The enemies of the Chinese revolution were unscrupulous in their suppression of Marxist ideas. Moreover, erroneous trends in the guiding ideology within the revolutionary literature and art front often occurred. It was precisely in the struggles against external enemies as well as by weathering the erroneous trends inside the revolutionary camp that China's Marxist thinkers stood the test and were tempered; hence, their

staunch character. In culture and thought, Lu Xun is a typical example universally known.

To avoid a one-sided understanding and judgment, we must make a truth-seeking answer based on historical facts regarding the question of whether it is erroneous ideological trends or revolutionary Marxist thought with Lu Xun as the representative that has played a decisive role in China's revolutionary literature and art movement since the revolutionary literature movement came into existence. We must discover whether it is non-Marxist erroneous thought or revolutionary Marxist thought with Lu Xun as the representative that has been the guiding ideology for China's revolutionary literature and art movement.

The spread of Mao Zedong Thought on literature and art was greatly restricted in the KMT-ruled areas because of the separation between those areas under the revolutionary regime and the areas under KMT rule prior to the founding of the PRC. However, Mao Zedong Thought on literature and art is beyond doubt a more integrated summing-up of the historical experiences of China's revolutionary literature and art movement. It is the integration of Marxism with China's practice in literature and art at a high level. Despite some issues having gone through the practice and test of several decades, there are still different views on these issues and some shortcomings that need be overcome. But looking at it as a whole, Mao Zedong Thought on literature and art is China's Marxist thought on literature and art. In the past, we did have one-sided and oversimplified ways in the explanation and application of Mao Zedong Thought on literature and art, but these should be differentiated from Mao Zedong Thought itself. Mao Zedong Thought on literature and art should also be developed; however, such development should come under the premise of adherence to his basic ideology.

In order to sum up historical experiences and in order to avoid repetition of the erroneous trends for which we have paid dearly, it is necessary to "reexamine the basic theories, concepts, and methods of thought in our literature over the past few decades." But the question is how to conduct the "reexamination," and on what ideological basis should we conduct the "reexamination." For this question, Comrade Liu Zaifu has provided the following answer:

/"A formula of thought has taken shape in our literary criticism since the 1930's. Such a formula of thought is roughly the linear inertia of thought based on the vulgar theory of class struggle and the theory of reflection directly perceived through the senses. The referent system of observation is chiefly the political background. Of course, we cannot reject the political system as reference, but at the same time, the theory of reflection should be valued. However, it is far from enough to rely on only these two elements as the groundwork for thought. It will not be easy to overcome such inertia in thought. This is because such inertia in thought has taken shape over a long period of time. It has, to a great degree, become a sub-consciousness of the collective."/

The statement that "a formula of thought has taken shape in our literary criticism since the 1930's; such a formula of thought is roughly the linear inertia of thought based on the vulgar theory of class struggle and the theory of reflection directly perceived through the senses" essentially means that the history of our thought in literature and art "since the 1930's" is "roughly" a history of mistakes. To pass such a judgment on our history is certainly not a minor issue, but one that will inevitably rouse the attention of every literature and art theoretical worker and every student of modern and contemporary literature. People who hold this view are few in number at present, but not by any means alone. It is not infrequent that we have heard such discussions that revolutionary literature went awry from the very beginning, or that the accomplishments of Chinese literature and art would have been greatly different had it not been for the period from 1928 to the fall of the "gang of four." According to such a view, the entire history of modern and contemporary Chinese literature should doubtlessly be rewritten. We may put the other comrades aside for the time being, but Comrade Liu Zaifu has also done research on Lu Xun and even written a treatise on Lu Xun's aesthetic ideas. He should be familiar with Lu Xun's aesthetic thought and thought on literature and art. Can we find anything in Lu Xun's ideology to prove that it is "the linear inertia of thought based on the vulgar theory of class struggle and the theory of reflection directly perceived through the senses"? Is it possible to nullify such an outstanding figure as Lu Xun, who has always played a guiding role in the development of modern Chinese literature from the "4 May Movement" until the day he died?

"The vulgar theory of class struggle" as mentioned by Comrade Liu Zaifu perhaps refers to the oversimplified way of dealing with the relationship between literature and class struggle. Such things did happen in the past and were even serious at times. When "reviewing and examining" and passing judgment on a history of no less than half a century, can we make the judgment roughly without taking into consideration Lu Xun's guiding role in the whole of revolutionary literature and art? Have we not witnessed that it is precisely Lu Xun who fiercely criticized the hypocritical concept of "art for art's sake," fiercely criticized bourgeois ideology that negated the class struggle in literature and art, and relentlessly criticized the "vulgar theory of class struggle" inside the camp of revolutionary literature and art not only in the 1930's but since the debate on revolutionary literature in the late 1920's? The highly effective struggles waged by Lu Xun powerfully pushed forward the healthy development of revolutionary literature and art. This point is known to everyone who cares about Lu Xun. How can we forget these explicit facts that have long been noted in history?

#### IV

The relationship between literature and art and politics and economics is one between reflection and the object of reflection and between form and content. So long as this point is acknowledged, there is no room for the existence of the theory of "external law." Of course, literature and art do not only reflect politics and economics, and neither do they directly reflect politics and economics. In this respect, we did suffer from the disasters of oversimplification in the past. Marked changes have begun only in recent years.

But now Comrade Liu Zaifu considers the relationship between literature and social life as some "external law" governing literature. Regarding such "aesthetic characteristics" themselves which "reject" social life, people cannot help asking the question: What kind of aesthetic characteristics can these be? The logic of things can only lead this view to the conclusion of seeking "pure form," "pure beauty," and "pure art," but not otherwise.

Life is the sole fountainhead of literature and art. This viewpoint is irrefutable. This every writer or artist can prove with his own experiences. Almost every promising writer or artist with some achievements in history is conscious of the fact that literature and art cannot be divorced from life. Therefore, writers and artists cannot learn from life and "nature." It is precisely because of this that people are surprised when Comrade Liu Zaifu regards the relationship between literature and social life as some "external law" which has no necessary connection with aesthetic characteristics "themselves."

However, some people are negating the theory of reflection in literature and art. They are trying in every way to prove that the theory of reflection is negating the subjective initiative of the writer and that it is the mechanical imitation of life, like a mirror. Such censure is groundless. When we say literature and art should truthfully reflect realities, it does not mean that we are negating the subjective initiative of the writers and artists. The artistic reflection of life cannot but be the subjective reflection through the human brain as in all cases of ideological reflection. Any literature and art includes both the objective and the subjective aspects. The artistic truthfulness we refer to is not simply the truthfulness of life, but simultaneously includes the truthfulness of the thoughts, ideals, and passions of the writer or the artist. Had it not been for the failure in seeing the facts, he would not have regarded the application of Marxist theory on reflection to literature and art as the "theory of reflection directly perceived through the senses" or the theory of "mechanical reflection," as if the objective basis in artistic creation was diametrically opposed to the subjective factors and role of the writer and the artist. Neither would he have regarded such a basic and rudimentary question on the relationship between literature and social life as one of literature should truthfully reflect social life as the "external law" that governs literature.

Of course, it is rather complicated to have an overall understanding of the relationship between social life and literature and art in the course of social historical development, which is an important theoretical task for Marxism. Moreover, only Marxism is capable of its thorough fulfillment. In analyzing Lev Tolstoy, Lenin generalized the Marxist view on this issue: "If what we have seen is a genuinely great artist, he will certainly reflect some essential aspects of the revolution in his works." When Lenin made the above statement, he was aiming at the preparatory period of the Russian Revolution and his own times, the times when the proletarian revolution was arriving. Of course, we should not apply this statement rigidly to any historical period, but Lenin's discussion has important significance for methodology. Any great writer must reflect some essential aspects of the

social life of his times, and the significance and role of any writer in history are chiefly determined by what he reflects regarding social life, how he does it, and how his works conform to the nature of social life. Neither should we deviate from this basic fact in isolated discussion of aesthetic characteristics, away from the relationship between literature and art and social life. True, aesthetic characteristics have their own relatively independent laws that have taken shape over a long period of time, but they cannot exist independently. The exploration and study of aesthetic characteristics entirely removed from their connections with politics, economics, and social life will eventually lead to an impasse.

We can prove this even when we limit ourselves to citing the changes and development in the prototypes in literature. Today we can all see that in literature, modern narrative literature in particular, the creation of prototypes has more and more become the key question. Achievements in narrative literature depend chiefly on whether it has provided us with some typical characters and what typical characters it has provided us. A great and outstanding writer truthfully reflects the essentials and characteristics of his times through the prototypes he creates. Otherwise he will not be considered a great and outstanding writer, and the characters he has created will not be prototypes of a very high level. Since modern times, this law has become all the more obvious. Even if we go back to the Renaissance, the typical characters which world literature has provided us have demonstrated that the relationship between literature and social life is becoming closer and closer. Engels' theory on typical characters in a typical environment is the result of summing up the artistic experiences since the Renaissance, the artistic experiences of his times in particular.

How can we talk about the aesthetic characteristics of literature deviating from the basic concept that literature is the reflection, even the essential reflection, of social life? Of course, it is impossible to understand Engels' concept on prototypes if we deviate from the above basic concept. Engels precisely proceeded from the characteristics and tasks of literature itself in dealing with this issue, in other words, proceeding from the question of literature reflecting people and typical characters. However, the people and prototypes in his understanding were not abstract and out of touch with social life, but specific people showing specific social relations. Human nature will change with the essential changes in social relations and social historical forces, and neither will people's aesthetic concepts and aesthetic characteristics remain unchanged.

Engels regarded the Renaissance as "the greatest and most progressive change unprecedented in the history of mankind." Since then, all European countries have successively gone through the course of turning everything upside down and making rearrangements. Capitalism has basically eliminated the medieval tranquility, compelling people to soberly think about the changes around them in the course of the unprecedentedly tremendous historical change from the very beginning of capitalism to the establishment of its reign. It is neither the general characteristics of feudalism or capitalism nor general, superficial historical events, but profound historical changes mirrored in people's spiritual changes in particular that basically account for the emergence of many important prototypes since the Renaissance.

We have such typical characters as Don Quixote, Hamlet, Faust, Anna Karenina, Levin, Nekhlyudov, and the many prototypes of the "superfluous person" emerging in 19th century Russian literature. In China, it all began with "Dream of the Red Chamber." The relationship between such prototypes as Jia Baoyu and Ah Q and history, like the above prototypes in European literature, was either the reflection of the period of a great historical change in different societies or a great historical turning point or a great transitional period in history. We have grounds to say: Since the Renaissance, modern times in particular, literature has had a more and more profound connection with reality than the literature in the past, and the chief manifestation is the more and more profound, historical, and specific reflection of the life of its times.

It is precisely since the Renaissance, modern times in particular, that a more definite implication is given to a typical character in a typical environment. Engels explicitly said that it was not enough to portray characters as did ancient writers. He praised Shakespeare highly in particular. Engels' discussion on realism was chiefly the summation of the accomplishments of literary practice since the Renaissance, modern times in particular.

Linking with the tradition of realism in China's classical literature, we can also see that despite the fact that many prototypes with distinctive individualistic character universally known are created in "The Water Margin," which are the prototypes at the height of peasant wars in China's feudal age, it is still very difficult to explicitly point out the specific historical connection of these prototypes in the long-term feudal society. It is quite a different case with Jia Baoyu, as the character and characteristics of this figure are the ideological embryo of the modern theory of human nature and humanism, and the contradiction between his democratic and feudal nature. These precisely reflect the changes brought about by capitalism in the womb of its Chinese mother. If this figure is not studied in this line, it will be very difficult to understand his nature. "Born with a silver spoon in his mouth, he did not want to work in contentment; then, reduced to poverty, he found it hard to bear desolation." This precisely reflects that this figure is not the loyal son of the class he was born into. However, it is precisely because the new social historical forces were still too weak a factor that it was impossible for him to change qualitatively from his class background into a new type of character with the ability to blaze new trails.

The changes in history have brought about changes in literature. Lu Xun discerned this sensitively, and was the first to point out the reformative significance in Cao Xueqin's work. From Lenin's analysis of Lev Tolstoy, we can clearly see the characteristic of the methodology of Marxist study in literature and art. This characteristic lies precisely in the historical concreteness in observing the problems. If we say that in discussing Balzac, Engels explicitly pointed out that the historical period reflected in Balzac's works was the period of restoration and the July monarchy between 1816 and 1848 in the history of France, then when Lenin was discussing Tolstoy, he adopted the same view of historical concreteness in observing

this great Russian writer. Lenin further proposes that it was necessary to analyze this great Russian writer from the viewpoint of the nature and motivating force of the Russian revolution.

In Lenin's analysis, the Russia in preparation for the revolution between 1861 and 1904 was the typical historical environment of Tolstoy's characters, Anna Karenina, Levin, as well as Nekhlyudov. Of course, these characters grew up in different and specific environments; hence, different prototypes, each having his or her own individuality and mentality. However, no matter how great the differences these prototypes have, they are all stamped with the brand of the typical historical environment between 1861 and 1904. If it were not so, it would not have been possible for us to see the historical concreteness even if these characters have some typicality, and they would not have become typical characters in a typical environment, as Engels required.

There is an internal link between Engels' requirement for and definition of realism, and Marxist historical concepts. The realism he required was a high-level realism. The proposal of typical characters in a typical historical environment is precisely to make literature not only keep in contact with realities, but to concretely and historically reflect realities in the developmental process of realities. If we say that the most famous European writers proved in their artistic practice the historical development of realism since the Renaissance, modern times in particular, then in summing up this historical experience, Engels hoped to continue to push forward such experiences. After Engels, it was Lenin that continued to push forward such experience through his discussion on Lev Tolstoy.

All this cannot but lead to our conclusion that deviating from historical materialism, the political and economic conditions of a specific time, and realities, no explanations whatever conforming to the law that governs the nature of things can be given to any important phenomenon of literature and art, and there would be disregard for the general reflection of social life. Likewise, to discuss aesthetic characteristics by deviating from the political and economic conditions of a specific time, realities, or the rudimentary concept that literature and art is the reflection of life, is a "return" to the study of literature "itself." Where will this lead the study of literature and art?

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It is time to come to a close of this article. In conclusion, I should like to say something about my own impressions: Many people are talking about "renovating the concept of literature" at present, but the question under what ideological guidance or on what ideological basis should the renovation be conducted has rarely been touched upon. This is precisely the crux of the question. Marxism needs to be developed. Marxist theory is one with development. The practice of staying in a rut, rigidly sticking to the individual conclusions or phrases of Marx, Engels, Lenin, and Mao Zedong, and the mediocrity of not daring to propose what they did not say and laws which they did not discover should be eradicated. However, we should also



see that a correct direction for renovating the concept of literature is possible only under the ideological guidance of Marxism or on the ideological basis of Marxism. However, there really are a small number of people who disregard and even depreciate Marxist tenets under the pretext of "developing" Marxism or "renovating the concept of literature." This is by no means a small matter, but a question that concerns the fate of Marxism in China and the fate of socialist literature and art in China. Therefore, in the spirit of letting a hundred schools of thought contend, I have proposed my own views on some of Comrade Liu Zaifu's viewpoints on literature and art as a discussion with Comrade Liu Zaifu and the theoretical workers of literature and art.

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## WE SHOULD NOT TAKE A LAISSEZ-FAIRE ATTITUDE TOWARD SUPERSTITIOUS ACTIVITIES

Beijing RED FLAG in Chinese No 8, 16 Apr 86 pp 33-34

[Article by Shi Youxin [2457 0645 2946]]

[Text] In recent years, superstitious activities have arisen in some cities and towns, and in some rural areas in particular. In some rural areas, money is raised and people are organized to build temples in every village. In many localities, witches and wizards often cheat people. In some localities, people even spend days and several thousand yuan participating in the so-called "matches to welcome deities" and "activities to offer sacrifices to ancestors." Superstitious habits such as performing Buddhist rites, holding large-scale funerals, practicing geomancy, and fortune telling can be seen in many places. These tendencies also find support among some party members, cadres, and young people. Not only do these activities affect our production and livelihood, they also corrupt people's minds, ruin social values, harm stability and unity, hamper economic reform, and are detrimental to both material and spiritual civilization.

We are now in the 1980's, but why are these superstitious activities so rampant in some localities? Chinese feudal society lasted a long time. As old ideological vestiges, superstitious ideas cannot be eliminated in a short time; they will obstinately manifest themselves. All these, naturally, are reasons superstitious activities are so rampant. But the main reason is that some party members and cadres, including leading cadres at the basic levels, overlook spiritual civilization and ideological and political work while engaging in material civilization, lack correct understanding of the problem concerning superstition, and take a laissez-faire attitude toward superstitious activities.

Their wrong understanding of and mistaken attitude toward superstitious activities result from the following three views: The view that maintains that it is not necessary to interfere, the view that maintains that there is no way to interfere, and the view that maintains that it is useless to interfere.

Why do they say it is not necessary to interfere? They hold that since superstition is a manifestation of "poverty" and "foolishness," it will naturally disappear when the people's material and cultural life has improved.

following the development of production. This view is, at best, one-sided. It is true that we cannot say that "poverty" and "foolishness" have nothing to do with superstition. However, the latter is not necessarily a product of the former. On the contrary, superstition makes people foolish and poor.

Apart from being unable to guide people in applying policies and scientific methods as well as in opening up all avenues to prosperity, superstition makes people believe in fate and deities and pray before the god of wealth for prosperity. In remote mountainous areas, some people raised money to build temples regardless of the fact that they did not even have enough food and clothing. They even changed primary schools into temples and moved Buddhist idols into them. Some villagers do not expand production after a good harvest but use their money to worship heaven instead. If this is allowed to continue, how can we improve the people's material and cultural life? How can we change the situation of "poverty" and "foolishness" in these areas? It is true that the development of production and the improvement of material and cultural life constitute an important condition for eliminating superstition, but superstition will not vanish by itself under this condition. Specialized households in the rural areas that have high income or people with certain cultural knowledge do not believe in deities or ghosts, not to mention rich men and learned people in the past.

It was reported that in a city, when someone dies, sofas, a wardrobe, a television set, a washing machine, and other modern life necessities--all made of paper--are burned at his funeral ceremony, apart from making a bier and paper horses and burning paper money and pillows. From this we know that like all other decadent things, superstition will not vanish by itself if it is not swept away. Doing away with superstition and stopping superstitious activities is an important component of spiritual civilization and ideological and political work. It is also our regular task. Party members and cadres must not take a laissez-faire attitude toward it.

Do we not advocate freedom of belief? Since going in for superstition does not violate the law, how can we interfere? This is the reason for saying that there is no law to interfere. This suggests that the one who says so lacks legal knowledge. In China, no policy or law refers to abstract freedom of belief. The state Constitution only provides that all citizens enjoy freedom of belief. It does not stipulate that they have the freedom to engage in superstition. Rural policies have been relaxed following the development of reforms, but these policies have not been relaxed to such an extent that people can carry out superstitious activities. Some people have spread the rumor that "since the policy has been relaxed, there should be room for deities to stay in when they come back." This should be refuted. There is no such thing as relaxing the policy toward feudal superstition. Chinese law stipulated that citizens enjoy freedom to believe in religion and freedom not to believe in religion. Buddhism, Taoism, Islam, Catholicism, and Christianity are the major religions in China.

According to the traditions and habits of different religions, religious believers can engage in normal religious activities such as worshipping Buddha, chanting scriptures, burning joss sticks, performing religious

service, saying prayers, preaching sermons, hearing mass, having baptisms, being initiated into monkhood or nunhood, adopting a vegetarian diet, holding religious festivals, and reminiscing in temples, mosques, and churches, or at home. All this is protected by the law. But building tiny temples housing the village god, asking deities to drive away pestilence and sickness, worshipping heaven for rain, and fortune telling, which have arisen in recent years, are all restoration of feudal superstition and the feudal patriarchal clan system and have therefore gone beyond the scope of religious belief.

They are different from normal religious activities. They must be stopped and forbidden. Those who cheat people through superstitious activities, who set up superstitious activities, and who refuse to accept persuasion and repeated education must be resolutely dealt with under the law. How can we indiscriminately say that going in for superstition does not violate the law?

Some people say that it is useless to interfere as superstitious activities have a mass basis. This viewpoint does not hold water. We do not deny the fact that superstitious ideas have a mass basis. But viewed from the overall situation, those who engage in superstitious activities account for only a small percentage among the masses.

Even in localities in which superstitious activities are very serious, only a small number of people go in for superstition. Many of them just follow what others do and are forced to donate money for superstitious activities. In some localities, some people engage in large-scale superstitious activities for the dead, costing a lot of money. The masses are very dissatisfied with this, saying "it is too costly to die." The fact that superstitious ideas have a mass basis suggests the complexity and arduousness of doing away with superstition; it does not indicate that it is useless to interfere in superstitious activities. Not to interfere means not respecting the masses but following behind a small number of backward people; to interfere means having faith in the masses and corresponds with the masses' fundamental interests. Whether our interference is of much use depends on how we interfere. It is very important to interfere under the law. We must differentiate between problems concerning ideological understanding and criminal problems. Crimes and criminals must be dealt with by judicial departments according to legal procedures. Maltreatment of crimes and criminals is in itself an act violating the law. Those who have superstitious ideas or take part in superstitious activities should be given persuasion and education so that they understand their mistakes. The methods of repudiating, punishing, fining, and detaining are not recommendable.

Half a century ago, Comrade Mao Zedong said that the Communist Party's propagation policy on the question of superstition should be one of "drawing the bow without discharging the arrow just to indicate the motions." Before and after the Spring Festival, in coordination with party rectification, efforts were made in some villages to reach unanimity of understanding among party members and cadres. Typical examples were given and the deceptive nature of superstitious activities was exposed. The masses were educated in politics, the legal system, dialectical materialism, and historical materialism.

This produced good results. With the enhancement of their consciousness, some people began to pull down tiny temples housing the village god which had been built with their own money. This suggests that marked results can be achieved so long as we are determined to interfere in superstitious activities in an effective manner.

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## PAY ATTENTION TO NEW TRENDS IN CHANGES IN THE INTERNATIONAL MARKET

Beijing RED FLAG in Chinese No 8, 16 Apr 86 pp 35-37

[Article by Wu Jikun [0702 7139 0981] and Chen Dongsheng [7115 2639 0581]]

[Text] With the gigantic progress of science and technology and the rapid development in the world economy since World War II, world trade has grown by a large margin. The entire world trade volume rose from \$61 billion to \$1,190 billion between 1950 and 1985. The growth rate of the world trade volume has always been higher than that of the world economy, with the exception of individual years. Meanwhile, some new trends have emerged in the international market that are worthy of note and study.

### I

The proportion of finished products in trade has grown in the international market, while that of primary products has shrunk with each passing day. In the 1950's, the proportions of finished products and primary products in world trade were 50 and 50. Now the proportion of finished products has risen to 62 percent. Taking into consideration factors in the soaring of oil prices in 1973 and 1979, the shrink in the proportion of primary products is still greater. Based on a forecast of the World Bank's 1984 annual report, the average growth rate of the world's export of finished products will be between 7.5 and 9.7 percent in the next decade, while the average growth rate of the world's export of primary products will maintain between 2.1 and 3.4 percent. With the worldwide readjustment in the production mix and the accelerated international flow of technologies and capital resulting from technological revolution, the export of finished products of some developing nations has increased rather quickly, with an average annual increase rate of 25.4 percent, exceeding the developed nations by 17 percent.

The recent decade has seen a rapid development of high-tech products in the world market. Regarding electronic products which represent high technology, the output value of this category of products in the world was close to \$500 billion in 1984, and its export was \$122.3 billion. The export volume grew by 85 percent from 1979, when the world trade volume during the same period rose by only 17 percent.

The vigorous development of high-tech products does not mean the decline of traditional manufactured products. Traditional manufactured products are still indispensable in the realms of production and consumption, and will be revitalized through the transformation of high technology. A Belgian textile machine building enterprise produces 10,000 sets of textile machines of various descriptions on an annual basis, 90 percent of which is for export. The enterprise in question suffered from deficits in consecutive years a few years back. In 1984, it decided to spend more than 70 million Belgian francs on technical renovation, equipping the production lines with electronic computers, and its new product, a microprocessing shuttle-free loom, was introduced. As a result, the sales volume sharply increased and the enterprise made a profit of 79.8 million Belgian francs the very same year. We can see that the market of traditional industry can still be expanded when great economic vitality is given play through technical transformation.

The trade in technologies including patented technologies and the right to use certain technical know-how is getting more and more active in world trade, and the trade volume has markedly expanded. According to UN statistics, technology trade volume was only more than \$3 billion in 1965, and it rose to \$50 billion in 1985. Between 1975 and 1984, the average annual growth rate of technology trade was 16.3 percent, when the average annual growth rate of world trade in the same period was only 9.1 percent, with the former greater by 1.8-fold than the latter. With the rapid development of science and development and the further internationalization of the research and development of science and technology, it is expected that the development of world trade in technologies will be still more rapid, with an expected trade volume of \$260 billion by 1995.

The major market of technology trade is still between developed nations. Particularly, transnational corporations of developed nations are monopolizing international trade in high technology, and their trade volume accounts for 80 percent of the world trade in high technologies. Worthy of note is the fact that the general technologies of some new-rising industrialized nations have rather strong competitive power. The advantages of specialized technologies are given full play on the basis of in-depth professional division of labor in many medium and small-type enterprises of Western countries, those in Western Europe in particular. They are an important force of world trade in technologies.

The consumers in Western developed nations have set higher requirements on commodities and the rise in social labor productivity and their living standards. They attach attention to not only the quality, function, usage, and appearance of commodities but also their continuous renewal. And the hygienic requirements for foodstuffs tend to be still stricter. Consumer goods of everyday use, such as textile products and garments, tend to be more individualistic and used once only. Television sets, video recorders, hi-fi sets, cameras, watches, sewing machines, and family electronic computers will develop in line with high quality, high precision, and sophistication, as well as multiple functions and being miniaturized and much lighter in weight. And toys tend to become lifelike and intelligent.

With the development, application, and competition of new technologies intensifying, the upgrading and replacement of commodities in the international market are extraordinarily fast, and their life cycle from good marketing to replacement has markedly shortened. Pierre Mauroy, former French premier, wrote in LE MONDE: "We must soberly see that one-third of the manufactured products today did not exist a decade ago; it is estimated that 40 percent of the commodities in the market 5 years from now do not exist today." We can say that continuous renovation is the decisive factor for occupying the market; those sticking to old ways will inevitably be replaced in the market.

## II

In the past, prices for industrial raw materials invariably rose in the world market with the economic recovery and reinvigoration following every economic crisis. However, after the crisis between 1979 and 1982, the prices for industrial raw materials in the world market have not fluctuated with the economic cycle. In 1984, an upward trend emerged in the Western economy, the U.S. economy in particular; however, prices for industrial raw materials continued to drop. Prices for primary products dropped by 15 percent in 1984 from 1981, the year still in the economic crisis. And the falling trend has continued so far. One of the important reasons lies in the fact that social economic development chiefly depended on a huge amount of capital and natural resources as well as the absorption of a huge amount of labor forces in the past, but the development of modern economy relies more on knowledge and new technologies as a driving force. The phenomenon of supply exceeding demand in products of a raw material nature and labor forces of a long-term structural nature has appeared. Based on the 1984 OECD statistics, for the increase of every 100 points in the GNP of its member nations, the volume of steel consumption dropped by 37 percent from 1974, copper consumption dropped by 20 percent, energy resources consumption dropped by 30 percent in the 1970's, and oil consumption dropped by 40 percent. Such a trend of economizing will further strengthen the invention of cheap substitutes and rational development of production. Such changes have deeply affected the prices for primary products of a raw material nature. Generally speaking, the prices for primary products of a raw material nature in the world market tend to be weakened in the near and intermediate future, with the factor of inflation taken into consideration.

At the same time, the monopoly of developed nations in high-tech products and the formation of monopolized prices for high-tech products have widened the price gap between primary and high-tech products. At present, the competition between developed nations is focally shown in high technology and the most advanced branch of technology. Because of the tremendous investment involved in developing new technologies, they are often concentrated in some monopoly enterprises, transnational corporations in particular. They adopt strict monopolized measures on some products of the most advanced branch of technology, in order to maintain their monopolized prices for gigantic profits. Only such such monopoly is broken and the products put into mass production, or when a new generation of products appears, their prices will drop by a large margin.



It is also necessary to see that the essentials of commodity competition in the international market have undergone some changes. The competitive power of the products (chiefly finished products) of various countries in the international market depend more and more on the volume of intelligence in their products, and price difference has become secondary. This new characteristic has become more and more conspicuous in the international commodity market in the recent decade, and many countries have attached importance to this. Therefore, some people have summed up the competition in the international market today as one of talented people. Big corporations in Western developed countries such as the United States spare no expense to invite the service of talented people of the most advanced branches of science and technology from all over the world. Behind the scenes of commodity competition in the international market today is fierce competition for talented people. Whoever gets the most excellent scientists and engineers and is able to bring their roles into full play will have the upper hand in the international market.

### III

The mutual exchanges and infiltration in economy, trade, science and technology, and culture between all regions in the world are becoming greater in depth with the development of modern science and technology. At the same time, because of the imbalance in the development of science, technology, and economy between all countries, the imbalance and development of multilayers of the world market are markedly shown. The market of industrially developed nations will continue to focus on high-grade, precision, and advanced products, but most of these products are to be absorbed in the home market, with only some of the low-grade products marketed in the developing nations. The developed nations have also transferred some of their traditional industries to some new-rising industrialized nations. Because of the shortage in natural resources in many developed nations and high production cost, they are also the major market for the world's primary products and ordinary finished products, and the proportion of imported finished products is increasing markedly. Generally speaking, the major market of world trade is still concentrated in the Western industrially developed countries. In 1984, their trade volume accounted for 62 percent of the entire world trade volume, when the developing countries accounted for only 25 percent.

Worthy of note in the world's regional trade structure is the rapid development of the South-South trade of developing nations in recent years. A multilayer structure of the industries and markets of developing nations has also emerged with their own economic development and the imbalance in their economic development. Through readjustment of their product mix, some new-rising industrialized nations are in the transition from labor intensive type to technology and intelligence intensive type of product mix. In their export structure, the proportions of electronics and heavy chemical products have markedly increased. Such imbalanced development has expanded the realm in supplying each other's needs in production and the market between developing nations. In policy, developing nations have strengthened bilateral or multilateral cooperation in economy and trade, and more than 30 regional economic cooperative organizations had been set up among developing nations

by 1984, within which tariffs are reduced or exempted, and even free trade zones are set up to promote the development of internal trade within these organizations. Between 1973 and 1984, the trade volume between developing nations grew from \$22 billion to \$133 billion, with an average annual growth rate of about 17.8 percent, exceeding the average annual growth rate of 11.6 percent of world trade. The proportion of trade between developing nations in their total export volume rose from 20 percent in 1973 to 28 percent in 1984. And the proportion of import from developed nations in their total import volume dropped to 58 percent from 67 percent during the same period. Remarkable changes have also taken place in the commodity structure in South-South trade. Between 1970 and 1982, the proportion of foodstuffs and agricultural raw materials in their export volume dropped from 33 percent to 15 percent, when the proportion of manufactured goods export went up by a large margin, of which the proportion of machinery and transportation equipment export went up even faster. Many developing nations have made use of their own advantages, making investments in enterprises in other countries, or unfolding wide cooperation in production, capital, technology, or labor service. We must attach close attention to such trends of development.

Mastering the developing trend of the international market plays a decisive role in developing foreign trade. Many Western developed countries and some new-rising industrialized nations have attached great importance to investigation and research on the international market in order to expand their overseas market. Meanwhile, changes in the international market demonstrate the developing trends of the world economy and science and technology; hence, the ground for technical renovation of enterprises. In the future decade, the progress of science and technology and the imbalance in the development of world economy, and changes in the international market will be all the more rapid and complicated, and the competition will tend to be more intensified. At present, China's domestic and overseas markets are still in a state of separation to some extent. Often people do not directly feel about the changes in the overseas market, and they are slow in response to them. Moreover, some structural problems existing have impeded our flexible and quick response to the changes in the overseas market. Therefore, strengthening the investigation and research of the international market is an urgent strategic task. Thousands of our foreign trade workers at the forefront should pay attention to the investigation and research on the market and pass on the information learned on the changes of the market to production departments, so that our export products may be marketable and more foreign exchange will be earned. At the same time, relevant departments should pay attention to summing up the information, making sure of the developing trend of the market, in order to draw up intermediate and long-term developing strategies for the international market.

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THE SYSTEM OF 9 YEARS OF COMPULSORY EDUCATION IN THE RURAL AREAS SHOULD BE  
INTEGRATED WITH VOCATIONAL AND TECHNICAL EDUCATION

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[Article by Dong Kegong [5516 0344 1872]; first paragraph is RED FLAG introduction]

[Text] Editor's note: How rural middle school and primary school education is to accord with the needs of the rural areas and the development of agricultural production is an important question. For a long period, this question has not been well resolved. Comrade Dong Kegong, while participating in the work of the central lecture group, has carried out investigative research into the rural education situation, proposed his own ideas, and submitted his manuscript to this magazine. We feel that this question is worthy of further investigation by the comrades in educational circles in accordance with the spirit of the "Decision of the CPC Central Committee on the Reform of the Educational System."

The implementation of the system of 9 years of compulsory education is a key issue in the rural areas. However, the key question in whether or not it is possible to implement the system of 9 years of compulsory education lies in whether or not we grasp well vocational and technical education, especially vocational and technical education at the lower middle school level. Only by integrating the system of 9 years of compulsory education with vocational and technical education will it be possible to guarantee the implementation of this work.

In the villages of our nation, we cannot say that there are no children who are unable to go to school. However, there are a great number who are able but unwilling to attend school. Why has this situation occurred? In the children's words: "Study is of no use." This "no use" has two levels of meaning: First, if one takes the road of study and going on to higher schools, then one will study in primary school, proceed to middle school, and then go on to university. Traveling this road, especially that from middle school to university, is very difficult even for urban children. It is even more difficult for rural children. If we compare rural education with urban education, we see that the teaching and other study conditions are poorer. Also, because the children have much farm work to do and work to do for their families, the area of knowledge taught is not as broad. If one wishes to

continue studying but cannot, is this not "no use"? The second level of the "no use" referred to is that if the students are unable to enter university, the knowledge they have gained in primary and middle school will be of no use. After the lecture group, in which I participated, came to Anhui, we were allocated to a teachers college in the suburbs of Bengbu. We once went to the most beautiful house in a nearby village to make a visit. We discovered a 24-year-old woman who had never been to school and a 16-year-old girl who had studied to third grade in primary school. We asked them why. They said that study was of no use. Thus, they simply did not study or, because farm life was busy, did not attend classes. However, this family had raised chickens the previous year and when chicken pests broke out, no one knew what to do. It can be seen that it is not that there is no need to study, but rather a question of what to study. It is not that study has no use, but rather the use depends on what is studied.

Is there any way to change this situation? Putting great efforts into developing vocational and technical education in the rural areas is not only a strategic measure, but is also a breakthrough point. After rural children finish primary school, apart from a number who will proceed to ordinary middle school, the remainder will go to the junior middle school stage in vocational and technical schools. At the same time as studying cultural knowledge, they will have to study practical technology and master certain labor skills; for example, planting, animal raising, the processing of agricultural and sideline products, the use and repair of simple machines, and so on. In this way, after they graduate, the knowledge they will have gained through study can be used in various operational activities when they return to their villages. How can they not be happy studying such things? Also, in normal middle schools we should establish certain technological education classes. After students graduate, even if they cannot go on to a higher level of schooling, they will be able to find a "scope for their abilities" in the villages. From this we can see that in the villages, only if we greatly develop vocational and technical education and integrate vocational and technical education with the system of 9 years of compulsory education will we be able to change the present situation where children are unwilling to study. It will also be of benefit to the implementation of the program of 9 years of compulsory education.

When the question of developing vocational and technical education is raised, people say that there are three headaches: 1) teachers; 2) conditions; and 3) opportunities.

The question of teachers is clearly difficult. It is difficult because in the past there was basically no thought given to fully using the scientific and technological strengths of the rural areas. There was even less thought given to training teaching staff for vocational and technical schools. If we unite rural scientific and technical organizations with vocational and technical education, then the rural scientific and technical personnel can also serve as teachers, and they can engage in both scientific and technical work and educational work. Thus, by arranging classes for, training, and tempering and strengthening the rural scientific and technical contingents, they will be able to establish a network of rural scientific and technical contingents

and complete the tasks of propagating and demonstrating scientific and technical achievements. In addition, those schools and departments which are currently mainly involved in practical science can also take on the task of training middle school teachers for vocational and technical schools. By fully utilizing existing strengths and strengthening, fostering, and training, I feel that the teacher problem in rural vocational and technical education can be gradually resolved.

In the development of rural vocational and technical education, the existing school conditions are clearly poor. First, they have no base. Second, they have no funds. Third, they have no equipment. The list continues. However, if we are willing to use our brains and suit measures to local conditions, the difficulties can be gradually overcome. In addition, we should also recognize that as vocational and technical education is closely linked with the personal interests of the masses, we must have the peasants' voluntary and wholehearted support. At the same time, as teachers in vocational and technical schools will be closely linked to reality, it will be possible to obtain a certain economic income. This will continually promote its own development. We can also use the educational facilities of existing ordinary middle schools to develop vocational and technical education.

As for the problem of opportunities after students graduate from vocational and technical schools, in the rural areas it is not a question of whether or not they can find employment, but one of whether or not they can use the knowledge they have learned. Only if students gain skills in the school will it be possible to have development and results in all places. In the future it may be possible to gradually institute tests for certain specialized knowledge and skills for the students who wish to enter those tertiary or specialized middle schools which stress practical technology. These will be much like the drawing tests taken by students who wish to enter an art school. In this way it will create conditions by which students who have graduated from the various types of vocational and technical schools can continue their studies, and it will also be of benefit in raising the basic standard of these schools' students.

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## COMBINE THE STUDY OF BASIC THEORIES WITH THAT OF GUIDING PRINCIPLES AND POLICIES

Beijing RED FLAG in Chinese No 8, 16 Apr 86 pp 40-44

[Article by Liu Qingze [0491 1987 3419]]

[Text] The historical task of building socialism with Chinese characteristics urgently demands that cadres exert their efforts to study and master basic Marxist theories in light of the new realities, and enhance their capability to understand and implement the party's guiding principles and policies. This also demands that we correctly understand the relationship between the study of basic Marxist theories with the study of the party's basic principles and policies. They should be integrated into an organic whole. The method of one-sidedly emphasizing one aspect at the expense of the other is harmful to the enhancement of our cadres' theoretical level and the level of their understanding of policy, and the improvement of their political quality.

### Basic Marxist Theories Are the Basis of the Party's Guiding Principles and Policies

Some comrades pay more attention to the study of the party's guiding principles and policies, but neglect the study of basic theories. This is because they do not completely understand the guiding role of basic Marxist theories over the party's guiding principles and policies.

Basic Marxist theories form a strict and complete system which includes three component parts: Marxist philosophy, political economy, and scientific socialism. This scientific system has provided us with a fundamental stand, viewpoints, and methods. All correct lines and guiding principles and policies of our party are formulated under the guidance of the basic Marxist theories. The basic Marxist theories are the guiding ideology of the various guiding principles and policies of our party.

First, basic Marxist theories point out the general aims and chart the orientation for correctly formulating the party's guiding principles and policies. Guiding principles and policies themselves are not the aim of revolution and construction. They are the means for attaining the aim of revolution and construction. They should be subordinated to the general orientation of construction and revolution. To solve the problem of the aim and orientation of

revolution and construction, we should rely on the guidance of basic Marxist theories. Mastering basic Marxist theories will enable communists to understand the objective laws governing the development of human society; the conditions, process and general result of the emancipation campaign of the proletariat; to correctly grasp the situation, the changes in class relations, and the relative strength of classes; to correctly handle relations between immediate interests and long-term interests on the one hand, and relations between partial interests and overall interests on the other; and to work out correct strategies, tactics, guiding principles, and policies. The basic Marxist theories tell us that the development of human society is a natural historical process, and that socialism will inevitably replace capitalism, and that all mankind will eventually enter communist society. All these are objective laws independent of man's will. The historical mission of the proletarian revolutionary political parties is to comply with such objective laws by organizing the people to carry out revolution and construction to promote the advance of the society and history. After seizing state power and establishing the socialist system, under the prerequisite of upholding the socialist road, proletarian dictatorship, the leadership of the Communist Party and the guidance of Marxism, the proletariat should vigorously develop social productive forces, promote the building of a high level of socialist material civilization and spiritual civilization, enhance the level of people's material and cultural life, and prepare conditions for the transition to communism in the future. During the new period of building socialism, all guiding principles and policies of our party should be based on these basic principles, and serve the general aim of realizing socialism. The guiding principles and policies implemented since the 3d Plenary Session of the 11th CPC Central Committee have fully reflected all this. Just as Comrade Deng Xiaoping has pointed out: "The policies we have implemented in various aspects are for developing socialism and realizing communism in the future."

Second, the basic Marxist theories provided the theoretical basis for various guiding principles and policies of the party. The formulation of our guiding principles and policies should not be based on subjective desires. Instead, it should be based on our understanding of objective laws. It is theory which reflects our understanding of objective laws. Historically, all correct guiding principles and policies were based on scientific understanding of objective laws. Any deviation in the implementation of guiding principles and policies were directly connected errors in theory. During the period of the "Great Cultural Revolution," the so-called theory on the "continuation of the revolution under proletarian dictatorship" as the theoretical basis of the ultraleftist guiding principles and policies such as "taking class struggle as the key link," "seizing power from the capitalist roaders inside the party," and "all-round dictatorship," and so on, brought heavy losses to the party and the people. Since the 3d Plenary Session of the 11th CPC Central Committee, the party has brought order out of chaos in theories, and correctly pointed out: With the completion of the socialist transformation of the private ownership of the means of production, the exploiting classes as a class no longer exist. The main contradiction in our society is no longer the contradiction between the proletariat and the bourgeoisie. The main contradiction is the contradiction between the increasing material and cultural needs of the people and backward social production. The fundamental

task of socialism is to develop productive forces. The changes and improvements in production relations should conform with the conditions of the productive forces, and be beneficial to their development. There is no doubt that all these are basic theories which correctly reflect the laws governing socialist development. They are also theoretical bases for shifting our party's focus and the policy of opening to the outside world.

Third, basic Marxist theories provided guidance in terms of methodology for the correct formulation and implementation of the party's guiding principles and policies. Comrade Deng Xiaoping has pointed out: "Following the smashing of the 'gang of four' and the convening of the 3d Plenary Session of the 11th CPC Central Committee, we have formulated a correct ideological line, political line, and organizational line, and a series of guiding principles and policies. What is our ideological line? It means that we should uphold Marxism, Marxist dialectical materialism, and historical materialism. In other words, we should uphold the principle of seeking truths from facts, which Comrade Mao Zedong stressed." ("Building Socialism With Chinese Characteristics," p 34) Seeking truth from facts and following the mass line is a scientific ideological method and working method. The party's guiding principles and policies are based on this method characterized by linking the leadership with the masses, combining theory with practice, and integrating the general with the particular. The process of formulating, improving, and implementing the party's guiding principles and policies is a dialectical process of endless cycles, incessant improvement, and continuous progress, which is characterized by getting the opinions of the masses and referring back to the masses; concentrating the ideas of the masses, then going to the masses; persevering in the ideas and carrying them through; and proceeding from the particular to the general and returning from the general to the particular. Therefore, when the higher authorities are working out policies, and the institutions at lower levels and the grass-roots units are implementing policies, they should consciously take dialectical and historical materialism as their guide, conscientiously carry out investigations and studies, listen to the opinions of the masses, proceed in everything from reality, and turn the party's guiding principles and policies into the conscious actions of the masses.

Fourth, basic Marxist theories are an essential guarantee for the continuity of the party's guiding principles and policies. The prerequisite for this continuity is that the guiding principles and policies should be formulated in accordance with basic Marxist theories and methods, and that they should be correct. This continuity is also demonstrated in the fact that the basic spirit of the guiding principles and policies formulated in light of the different conditions in different periods should be consistent. The continuity of the policies does not negate the flexibility and variability of the specific policies. However, when we readjust and supplement these specific policies, we should on no account deviate from the basic principles of Marxism.



## The Party's Important Documents Have Enriched and Developed Basic Marxist Theories

While studying basic Marxist theories, we should conscientiously read the works of Marx, Engels, and Mao Zedong selectively. However, doing this alone is not enough. We should also study the works of our proletarian revolutionaries of the older generation and the important documents published since the 3d Plenary Session of the 11th CPC Central Committee.

The important documents published since the 3d Plenary Session of the 11th CPC Central Committee not only put forward a series of important guiding principles and policies, but also explain and fully prove them theoretically in the process of discussing them. Therefore, they demonstrate a high degree of unity between guiding principles, policies, and theories.

1. With regard to some programmatic documents which are of full guidance significance, most are comprehensive and typical theoretical works. For example, the communique of the 3d Plenary Session of the 11th CPC Central Committee announces the policy decision to shift the party's work focus to socialist modernization, and clearly points out the party's ideological line of seeking truth from facts, proceeding in everything from reality, and integrating theories with reality, and explains the theoretical and practical bases of this important policy decision and ideological line. The resolution on certain questions in the history of the party since the founding of the PRC adopted by the 6th Plenary Session of the 11th CPC Central Committee reaches a practical conclusion on important historical events and a number of historical figures over 32 years since the founding of the PRC. It strongly shows the high level of our understanding of the party's policy. The resolution is based on making use of the principles of dialectical materialism and historical materialism to carry out a scientific analysis. Therefore, it has a strong theoretical flavor. In particular, it analyzes the nature, process, harmfulness, and historical cause of the "Great Cultural Revolution," and Comrade Mao Zedong's erroneous views on launching such civil strife; expounds on Comrade Mao Zedong's historical position, various contents, stands, viewpoints and methods contained in Mao Zedong Thought; and sums up the main points of the road suitable for carrying out socialist modernization, which is in accord with China's conditions. All these are Marxism's great achievements in the area of theory. The political report delivered by Comrade Hu Yaobang at the 12th CPC National Congress comprehensively expounds on the aims, guiding principles, and policies of the party for our country's economic and political construction, the building of spiritual civilization, the building of the party, and so on, and profoundly explains important theoretical questions on these aspects to develop the theory of scientific socialism. The decision of the CPC Central Committee on reform of the economic structure adopted by the 3d Plenary Session of the 12th CPC Central Committee explains the necessity and urgency of the reform of the entire economic structure with emphasis on urban economic system and whole economic reform system, nature, task, and various guiding principles and policies for reform. All these are of great theoretical significance. In particular, the decision puts forward a series of important theoretical viewpoints about the fundamental task of socialism being to develop social productive forces, and

about the socialist economy being a planned commodity economy based on public ownership, and about being able to duly separate ownership from the power to operate, and about various kinds of economic forms and operating methods that should develop together for a long time, and so on. These are important breakthroughs and developments in economic theories. It is appropriate to say that this document is a textbook on socialist political economy. The proposal on the Seventh 5-Year Plan adopted by the National Conference of Party Delegates specifically defines the target of our country's economic and social development during the period of the Seventh 5-Year Plan, and various guiding principles and policies, and further deepens and develops the theories on economic structural reform and socialist economic construction. A series of important speeches delivered by central leading comrades such as Deng Xiaoping, Hu Yaobang, Zhao Ziyang, Chen Yun, and others in recent years on the situation, tasks, the reform of economic structure, the leadership system of the party and state, and so on, are also documents of great significance for theory.

2. Generally speaking, those important documents which guide the socialist modernization program in various aspects also make a comparatively profound theoretical analysis. The documents issued by the central authorities in 1979, 1980, and 1981 on speeding up agricultural development, strengthening and improving the responsibility system in agricultural production, and developing a diversified economy in the rural areas, and the documents No 1 issued successively thereafter have defined in a very clear and increasingly perfect way our rural policies. In the meantime, they also expound on a series of theoretical problems on the responsibility system in agricultural production, the agricultural cooperative system, the rural commodity economy, and so on. While proposing guiding principles and policies, the decision of the central authorities on the reform of the educational system, and the important documents issued by the central authorities on political, legal, organizational, united front, diplomatic, and military work and the problem of party work style; of the ideological front, of religions, and so on also expound on the relevant basic Marxist theories.

3. With regard to documents concerning individual policies of the central authorities for some important work, we frequently find that while expounding on the lines of demarcation and contents of the policies concerned, they also explain theories. For example, when Comrade Deng Xiaoping was talking about the policy of allowing some areas, enterprises, workers, and peasants to get rich first through hard work, he pointed out: "Letting some people improve their living standards first will inevitably set a good example for and influence their neighbors, and encourage people in other areas and units to learn from them. In this way, the entire national economy will advance wave upon wave, so that people of various nationalities throughout the country will get rich faster." In his explanation, he used the principle of materialist dialectics on the uneven development of things and the advance of the national economy wave upon wave to show the dialectical relations between getting rich first and attaining common prosperity. This is completely different from the view of "eating from the same big pot," which prevailed for a long time, and strikes people fresh theoretically.

In a word, the important party documents published since the 3d Plenary Session of the 11th CPC Central Committee are products of integrating the universal truth of Marxism with the actual conditions of socialist construction in China, and making use of and developing creatively Marxism under new historical conditions. While explaining a series of important party guiding principles and policies for the new period, they add new content to Marxism's treasure house of theory. Therefore, they are of great theoretical significance.

Explaining the guiding principles and policies of proletarian parties together with basic Marxist theories was a traditional form in the history of Marxist development. This was frequently reflected in a great number of classical works of our revolutionary leaders. "The Communist Manifesto," a great theoretical work comprehensively expounding the Marxist world outlook, organically contains the revolutionary policies of the proletarian political parties for various different social classes and forces, including the bourgeoisie, feudal nobles, peasant petty producers, various social sects, and others. Lenin's "On Grain Tax" is a typical article on policy. While discussing grain policy, it explains the important theoretical principles of many issues including commodity exchange, state capitalism, peasant allies, and so on. Comrade Mao Zedong's articles such as "Analysis of the Classes in Chinese Society," "On New Democracy," "The Chinese Revolution and the CPS," "On Coalition Government," and so on, penetratingly analyze the theories on the new democratic revolution, and clearly define the policy for the new democratic revolution. They mark the unification between theory and policy.

Since the important party documents published since the 3d Plenary Session of the 11th CPC Central Committee include a series of important theoretical attainments and have carried forward in form the tradition of classical Marxist writers of integrating theory with policy, why should we not treat them as Marxist theoretical works and study them?

Actually, it is more necessary to study important party documents published since the 3d Plenary Session of the 11th CPC Central Committee than other theoretical works on the history of Marxist development. This is because: First, the important party documents published since the 3d Plenary Session of the 11th CPC Central Committee uphold basic Marxist principles. At the same time, they break with a few principles and conclusions which no longer conform with the present conditions, and put forward new principles and conclusions derived from the practice of revolution and construction during the new period. Therefore, studying these documents is tantamount to studying a Marxism which has been developed in modern times. This is of very direct and practical significance to our socialist modernization which is being carried out. Second, in the course of studying Marxist theories, apart from knowing general principles and conclusions well, what is more important for us to do is to master the Marxist stand, viewpoints, and methods. The important party documents published since the 3d Plenary Session of the 11th CPC Central Committee are a brilliant example of integrating the universal truth of Marxism with socialist modernization in China. From these documents, we may learn the scientific methods of using the basic principles of Marxism to explore and solve new political, economic, social, and cultural problems.

## Combining the Study of Basic Theories With That of Guiding Principles and Policies Is an Important Way To Integrate Theory With Practice

Correctly handling the relations between studying basic Marxist theories and studying the guiding principles and policies of the party is, in the final analysis, a question of the style of study of integrating theory with practice. If we fail to study basic Marxist theories hard because we know certain guiding principles and policies well, or have read some works of Marx and Lenin, and rest content with all this, we will not be able to uphold well the principle of integrating theory with practice. This will be detrimental to the enhancement of our level of understanding of theories and policies.

If we only pay attention to understanding policies and regulations without mastering the basic theories, it will actually be difficult for us to enhance our level of understanding of policies. This is because: First, without a solid foundation in theory, it is impossible for us to accept promptly the guiding principles and policies of the party and understand them profoundly. Such being the case, we are liable to know the how without knowing the why, or have a hazy notion only. We will not be completely convinced by the guiding principles and policies of the party. We might follow them organizationally, but resist them in our minds. Second, without a solid foundation in theory, it will be impossible for us to implement the party's guiding principles and policies. Very often, we can only repeat what the books say, and copy them mechanically. We will not be good at putting forward feasible opinions on implementing the party's guiding principles and policies. We will not be able to master them and handle matters in a flexible way under complicated circumstances, still less propose unique policies and measures. Third, without a solid foundation in theory, it will be impossible for us to uphold the sense of principle and gravity of the policies. We are liable to echo the views of others, or heed and trust only one side. We are also liable to have a sudden waxing and waning of enthusiasm, or appear as a rightist one minute and on the "left" the next. Engels said: "If a nation intends to scale the heights of science, it should never divorce itself from theoretical thinking even for a moment." ("Selected Works of Marx and Engels," Vol 3, p 467) If those comrades engaged in practical work rest content with "understanding policies," and fail to put a high demand on themselves with regard to the study of theory, they will not be able to master the policies well. On the contrary, they will be influenced by erroneous thinking, and become empiricists, or persons who act rashly and blindly.

If we only pay attention to studying classical Marxist-Leninist works, but are not interested in studying practical guiding principles and policies, it will actually be impossible for us to enhance our theoretical level. The theories we want are those which are derived from practice and proved by it. The basic guiding principle of theoretical work is to link theory with practice, and closely combine it with reality so that it serves the building of both material and spiritual civilizations. What merits our attention is that policy is a very important link in the integration of theory and practice. Comrade Mao Zedong said: "Policy is the starting point of all the

practical actions of a revolutionary party and manifests itself in the process and the end-result of that party's actions. A revolutionary party is carrying out a policy whenever it takes any action. If it is not carrying out a correct policy, it is carrying out a wrong policy; if it is not carrying out a given policy consciously, it is doing so blindly." ("Selected Works of Mao Zedong," Vol 4, p 1229) Therefore, to integrate theory with practice, we should, first of all, link the guiding principles and policies of the party with reality. Both theoretical workers and practical workers should strengthen their study of the current guiding principles and policies. Whether their theoretical level is high or low, and whether their results in studying theory are good or poor is not determined by how many conclusions and sentences of Marx and Engels they can recite. Instead, it is determined by whether they can make use of the Marxist stand, viewpoints, and methods to explain and solve problems connected with the practical guiding principles and policies. If they rest content with reading some books written by Marx and Engels, but fail to link what they have read with the practical guiding principles and policies to solve practical problems, they will become phony theoreticians, or dogmatists who swallow ancient learning without digesting it.

A basic demand on the theoretical study of our cadres is to integrate the study of basic Marxist theories with the study of current guiding principles and policies of the party so that our cadres can make use of the basic Marxist principles and methods, and constantly integrate them with the changing reality to explore and solve new problems. Only by persisting in doing this can we achieve good results in our study, and promote the progress of our cause and Marxist theories.

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## WHAT IS THE ROLE OF FINANCE IN SOCIALIST MACROECONOMIC MANAGEMENT?

Beijing RED FLAG in Chinese No 8, 16 Apr 86 pp 45-46

[Article by Ye Zhenpeng [0673 2182 7720]]

[Text] The aim of macroeconomic management is to maintain a basic balance in overall social supply and demand, so that the national economy can develop in a stable, coordinated, and proportional way and the people's standard of living can steadily rise in the wake of economic growth. Socialist finance is an important tool by which the state organizes and allocates financial resources in a planned way and by which the major proportions of the state economy and the economic interests of the various sides are coordinated. It plays important roles in macroeconomic management.

The first role is maintaining a basic balance between overall supply and demand. Finance is leading link in the allocation of national income and a major channel in the formation of overall demand. The adjustment of overall supply and overall demand by finance is mainly carried out by adjusting the total scale of income and expenditure and the income-expenditure structure. Financial income is the basis of financial expenditure. An important task of the financial departments, on the basis of production development, is to make great efforts to increase financial income. Under the condition of fixed financial income, we must adhere to the principles of seeking truth from facts and keeping expenditure within the limits of income, control financial expenditure, and maintain a balance between financial income and expenditure, so that the scale of economic construction and the increase in the people's standard of living does not exceed the financial capabilities of the state. Finance is an important measure by which to control overall demand. At the same time, it plays an important role in promoting supply. By expanding an enterprise's financial power, financial departments can increase an enterprise's ability to transform itself and develop itself and promote the development of the productive forces and the growth of total social products. Through financial subsidies and preferential taxes, it is possible to promote the production of those products in short supply and adjust and improve supply. Thus, finance promotes and maintains a balance between both demand and supply.

The second role is regulating the proportional relationship between accumulation and consumption in the distribution of national income. In the

regulation of the proportional relationship between accumulation and consumption, finance first controls the overall scale of investment in fixed assets and second controls the growth of consumption funds. In the traditional model, the basic form of fixed assets investment is allocation through financial budgets. Thus, the method for controlling investment is direct control by adopting planned targets. The reform of the economic structure has caused the types of investment funds to be diversified. Apart from state financial investment, there is also bank credit and enterprises funding their own investment. There are also all sorts of joint investment and individual investment. In recent years, extrabudgetary self-funded investment has grown swiftly. In this situation, in regard to investment in fixed assets, apart from retaining certain direct controls, state finance should also use taxation, discounting, and other indirect controls and guidance measures. For example, extrabudgetary capital construction investment can be regulated and controlled through the collection of energy and communication funds, levying of construction taxes, and so on. Financial control of consumption funds is mainly realized through the planned arrangement of overall amounts of wages in administrative and enterprise units, and through levying income taxes and regulatory taxes on wages, taxes on bonuses, and similar measures. These provide both direct and indirect ways to adjust and control the scale of consumption funds.

The third role is regulating the structure of the national economy. The national economic structure includes the industrial structure, the product mix, the technological structure, the enterprise organizational structure, and so on. The most important of these is the industrial structure, which plays an important role in the stable and coordinated development of the national economy and whether macroeconomic results are good or bad. Financial regulation of the industrial structure is mainly realized by guiding and regulating the direction of investment. For example, in order to speed the development of those industries such as energy, communications, and raw and semifinished materials which are not meeting demand, while arranging budgeted investment, the investment needs of these industries which are not meeting demand should be guaranteed as far as possible. At the same time, by collecting energy and communications funds, issuing treasury bonds, and using taxation, financial subsidies and other economic levers, some of the extrabudgetary funds can be collected and guided into the development of those industries which are not meeting demand. In addition, the financial departments can use financial allocations, taxation reductions, or exemptions and financial subsidies to encourage the development of new technology and new products and provide the rationalization of the scale and development of enterprises.

The fourth role is the rational regulation of economic benefits and motivating the enthusiasm of the localities, the enterprises, and the individual laborers. Finance is the central pivot of national income distribution. By correctly arranging the distribution relationship between the central authorities and the localities, the state and the enterprise, and the state and individuals, by putting economic relationships in order, and by motivating the enthusiasm of the various sides, financial measures can promote the development of the productive forces. For example, there is reform of

the financial structure to expand the financial powers of the localities and enterprises; the use of progressive income tax, wage adjustment taxes, taxes on bonuses, resources taxes, and so on to regulate the income differential between enterprises and individuals; and the provision of appropriate financial subsidies to enterprises which incur losses of a policy nature. These measures play an important role in strengthening the vigor of enterprises and motivating the production enthusiasm of localities, enterprises, and laborers.

The fifth role is regulating foreign economic dealings. For example, by encouraging exports through foreign trade subsidies and preferential taxes, various taxes and tariffs related to overseas trade, the signing of bilateral taxation accords with foreign governments, the provision of preferential taxes for foreign business investment, and other measures, foreign economic and technological dealings can be promoted. This sort of regulation can both assist in the expansion of our nation's foreign economic and technological interflow and also guarantee that our nation's interests are not harmed.

Through financial policies, the financial management system, and financial tax levers, finance realizes macroeconomic management. This is concretely shown in the regulation and control of the following major proportional relationship: 1) The proportion financial income constitutes in national income; 2) the ratio of extrabudgetary funds to budgeted funds; 3) the ratio of funds for central authorities and funds for localities in the state budget; 4) the ratio between centralized financial allocation by the state and financial allocation through enterprises retaining funds; 5) the ratio between the growth of workers and peasants' income and the growth of national income; and 6) the ratios between the financial expenditure used in the economy, culture, national defense, and so on, and the ratio of funds used for investment in fixed assets. From this we can see that the role of financial policies is mainly manifested in the control of the total amount distributed and in structural regulation. The main role of the financial management system is to regulate the financial allocation relationship between the central authorities and the localities and between the state and the enterprises. It sets specific regulations as to the concrete forms of centralization or dispersal in financial distribution between the central authorities and localities and between the state and enterprises, as well as the limits of rights, obligations, and interests. Financial and tax levers play regulatory roles in many respects in production, circulation, allocation, and consumption investment. However, these roles are mainly manifested as quantitative control and structural regulation in specific areas.

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## LOFTY ASPIRATIONS AND SIGNIFICANT ACTIONS

Beijing RED FLAG in Chinese No 8, 16 Apr 86 p 46

[Article by Yan Hua [7051 5478]; reprinted from SHIJIAN, No 3, 1986]

[Text] While leaders should possess all sorts of qualities, I feel that having lofty aspirations and carrying out significant actions are the most basic qualities. Aspirations are noble things to be sought in the long term, while actions are firm, shining, real acts.

People are always seeking. However, what they seek differs; their actions also differ. Some people seek noble goals and their actions are also noble. Other people seek base goals and their actions are selfish and mean. Thus, the ancients had an admonition: Aspirations should be noble and farsighted. As far as a Communist Party member or leading party cadre is concerned, it is particularly important that he has noble and farsighted aspirations.

For over half a century, the reason Chinese Communists have been able to persist in carrying out arduous and great struggle and accomplish brilliant achievements not realized before is that under the guidance of Marxism, they have had unswerving faith in communism and the most noble and long-range aspirations in history. With the aspiration of this conviction, many heroic model persons have appeared among them. These include indomitable and staunch fighters "willing to lay down 100,000 lives in order to save the world," and those Lei Feng-type people who in ordinary situations make extraordinary efforts and "whose actions are used to bring a better life to others." There are revolutionaries of the older generation who "will strive hard as long as they breathe in order to provide a model for the young." There are also Qu Xiao-type people who "constantly meet frustrations but whose loyalty to the party never wavers" and who "to the bottom of their heart are unselfish and greatly generous." Their aspirations and actions are perfectly paired, are as brilliant as the sun and moon, and will leave a shining chronicle. They must far surpass Chen She [7115 3195], who urged himself on with "lofty ambitions" and realized mighty achievements, and Liu Bang [0491 6721], who by "flying high" "traveled 1,000 li in an instant" and became an emperor. Thus, they will gain more respect and esteem from the people and the people will place more trust in them.

The key to lofty aspirations and significant actions lies in "aspirations."  
"In the past, our party, no matter how weak or how many difficulties it met, has always had a strong fighting force because we have had faith in Marxism and communism. If there are common ideals, there will be iron discipline. No matter whether we are speaking of the past, present, or future, this is our real superiority." Indeed, a Communist Party member or a leading party cadre, if he establishes communist faith, will act nobly, will provide great inspiration to the people, and will bring true superiorities into play in his undertakings.

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## RANDOM THOUGHTS ON 'EATING'

Beijing RED FLAG in Chinese No 8, 16 Apr 86 p 47

[Article by Nan Shi [0589 4258]]

[Text] Eating is a very common thing, but in ways it is also a rather unusual thing. There are some truths to be found in eating, and it is worth taking a closer look at them.

Whether our ancestors were the first persons to learn how to drill wood and make fires to cook food cannot be proved. However, it appears that it can be said that China is one of those countries which pays great attention to eating. Not long ago, several Beijing chefs won gold medals at a world cooking competition. This is something in which we can take pride. However, a regretful aspect is that in a society with long years of class oppression, fastidiousness about food was restricted to a small group and did not really touch the majority of the people. However, there has long been the proposition that "the people see sufficient food as their heaven." When we "took grain as the key link" in the past, it was also connected with this proposition. However, we followed a metaphysical road. The results were not good and many people went hungry. In the few years since we set out on a new course, we have not done things in a unified way. There is plenty of food in the fields and in the storehouses, the people are fed and clothed, and, apart from a small number of poor areas, everything is in a much better situation. This is a blessing for both the state and the people.

Following the opening of the great door, and in the wake of the development of economic and cultural dealings and the tourism industry, some localities have put up luxury hotels. Eating has thus developed and become more flourishing, and the cost of eating has also continually risen. Recently it has been heard that in some hotels the lowest meal price per person is 40 yuan and higher prices are 50 or 60 yuan. As to how high the prices go, this writer has no way of knowing. I think that my monthly salary of close to 200 yuan is not bad as far as cadres are concerned, but if I ate like this, with my month's salary I could only afford three or four meals. If I was fond of good food and often ate like this, my family would have nothing to eat. Of course, if those who patronize these large hotels are foreigners or Hong Kong and Macao guests and they want to eat particular things, then we should make it convenient for them to do so. The problem is that at present, the number

of mainland compatriots who can eat at these hotels and pay with their own wages is not great. If you cannot rely on your own pocket, the only option is to pay out of public funds. If each table is several hundred yuan, or even 1,000 yuan each, after the total is calculated, it will be truly startling. Although in many organs, their administrative funds are subject to restriction each year, they still manage to increase each year. It is not that there are no restrictions. In many units, expenditure on newspapers has become a major target for restriction. However, the public funds expended on eating expand the more they are restricted. This is really very strange. In some people's eyes, the belly is far more important than the brain. If their belly is filled with delicacies from the hills and the ocean, they will be quite happy. However, they never worry about their brains being empty.

Spending public money on eating is not completely irrational. However, it is better if there is some overall control. At present there are many compatriots who have just enough to eat and to remain warm. We still need to engage in an arduous struggle. If we do not consider the national situation or resources and pay excessive attention to eating and drinking, we may eat up our work style of arduous struggle, eat up our restricted construction funds, and eat up our superiorities. In recent years, some foreign friends have come to China and, at the same time as praising our nation's culinary arts, have also said that our treatment of them is too sumptuous, which does not really suit our times of arduous pioneering work. I believe that this idea is one which should be heeded.

Eating is an art, and in some situations also has quite a political flavor. Bo Yi and Shu Qi were too proud to eat millet from the state of Zhou. While their political viewpoint is debatable, their view that eating has more significance than just meeting the needs of the stomach is correct. Before liberation, Zhu Ziqing [2612 5261 3237] did not eat U.S. relief flour, demonstrating that the moral integrity and political hue of Chinese people are both very deep. With an historical mirror like this, will the gluttons who love to eat be able to evade this question before they start eating?

In April, in the area south of the Chang Jiang, the silkworm raisers hear a rustling sound in the silkworm sheds and are very happy. This is because the soft white worms are eating the tender green leaves and will be able to produce the pure white soft silk threads that will be turned into gorgeous spring clothes for young women. In April, in the area south of the Chang Jiang, the buffaloes and cows lie in the fields munching the green grass. When the peasants hear that heavy grinding sound of teeth they are also very happy. This is because once the buffaloes have eaten the grass they will have increased strength to plow the fields. Once the cows have eaten the grass, they will be able to give milk, which will allow our children to grow up healthy and strong. These sounds of eating are not the beautiful sounds of celestial music, but are still worthy of praise. I will be happy to hear much more of these sounds of eating!

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EASTERN-STYLE GENIALITY AND WESTERN-STYLE MANAGEMENT--BRIEF COMMENTS ON  
'CONFUCIUS MEETS ZILU'

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[Article by Song Suiliang [1345 6659 5328]; "Confucius Meets Zilu" was written by Mao Zhicheng [3029 1807 2052] and appeared in SHANDONG WENXUE, No 1, 1986]

[Text] Zilu was Confucius' good student. Confucius said: "If my ideas are of no use, I will take a raft and go abroad. In this, probably only Zilu would follow me!" We can see from this that their teacher-student affection was very deep. Now, a foreign student who previously studied in China again comes to China from abroad to discuss business. Her adversary in the trade discussions just happens to be her former Chinese teacher. Thus, we see a modern recreation of "Confucius meeting Zilu." However, the results differ greatly from those of 2,000 years ago.

This foreign Zilu is named Sang Ye-si-dao-er and she is an executive in a company run by Director Kang, a major businessman of Chinese descent. She was quite attached to her Chinese teacher, Professor Wen, praised him as a relayer of "fine Eastern ideas," and saw him as the embodiment of "great Eastern sentiments" and "Eastern geniality." The gentle and cultivated Professor Wen felt very comfortable hearing this from the girl and praised her "deep feelings for China" and was self-satisfied with the kind and respectful words of "teacher and father" uttered by Miss Sang.

Another person who thinks she made a good impression on Miss Sang is Deputy Secretary Pan of the handicrafts company. She discovers that this "mulberry leaf" "was actually educated in China, and even understands something about the superiorities of socialism," but that her words still "have some class sentiments."

Thus, Professor Wen and Deputy Secretary Pan confidently and enthusiastically prepare to receive their foreign comrade "Zilu" with "special favor" in the trade talks. Who was to know that when Miss Sang comes to the discussion table, she will have nothing to do with her close friends, thus offending them? Professor Wen cannot at first make head nor tail of this, and is at a loss as to what to do. He faces the danger of complete loss. There then appears from the melee a young woman general who helps the commander stabilize his position, grasps Miss Sang's weak points, and forces her to sign a

contract beneficial to our side. This female general is Professor Wen's daughter Wen Xian, a cadre in the handicrafts company.

This trade discussion quite concisely demonstrates the different attitudes and methods in our reforms and work related to opening up, and reveals many of our old concepts that do not accord with the new situation. What Professor Wen holds aloft is the traditional banner of "the Heavenly Court and the culture of benevolence and virtue." Deputy Secretary Pan holds the "leftist" placard of "spiritual atom bomb." They "do not believe that 'public' cannot overcome 'private' or that 'Chinese' cannot overcome 'foreign.'" Their "leftism" is pitiful and their ignorance lamentable. It is only because Wen Xian, who was looked down upon by Wen and Pan and who used the seek-truth-from-facts marksmanship of Marxism, bravely and knowledgeably said, neither superciliously nor obsequiously, "success or failure cannot be entrusted to our feelings for the opposite party. It must be based on our own talents and strengths!"

Today, many obstacles we meet in reform and opening up are remnant feudal ideas that should have gone out of fashion long ago, as well as "leftist" ideological pernicious influences. Mister Lu Xun once pointed out: "A people already ossified both physically and spiritually will obstruct even the very smallest reform... However, the reasons they give appear as fair-minded and upstanding." ("Collection on Halfheartedness: Habits and Reform") Deputy Secretary Pan "fair-mindedly and upstandingly" reprimands the city committee secretary's support for the collection of foreign trade samples as "simply selling human dignity! Selling popular trust! Selling party spirit!" This is one example of this.

It also appears that Sang Ye-si-dao-er does not understand China. She feels that by reciting the "Analects" one can realize the true essence of Chinese culture. She does not realize that when some people show great politeness to foreigners and take great care to show "great Eastern sentiments," they are generally being liberal with the state's generosity in order to seek gain for themselves. It is in this respect that the most foreign and the most local ideas, the most ancient and the most fashionable ideas, all walk the same road. The "deep feelings" that Professor Wen, Deputy Secretary Pan, and Miss Sang build on the basis of their respective misunderstandings naturally merit examination.

"Confucius Meets Zilu" is a satirical novel. The personal descriptions are exaggerated at times and the language is imbued with much humor. Miss Sang recites the "Analects" and quotes the "Analects." She just has to talk about Confucius. Even the 12 silk scenes are comprised of Confucius' actions. Thus, this "holy historical figure" is linked with our newest reform undertakings, giving quite a comical atmosphere, and showing that the author, in his sternness, has a lenient breadth of vision. However, there are also some places in which the author has gone too far. For example, in order to show that Director Kang is a patriot, he has him finally produce a "sympathy gift." In order to show Wen Xian's new ideas, he hastily adds a love story. This is just like "adding legs to a picture of a snake."

FURTHER PROMOTE TIANJIN MUNICIPALITY'S REFORM AND OPENING UP TO THE OUTSIDE WORLD--REVIEWING 'TIANJIN--MOVING TOWARD THE OUTSIDE WORLD'

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[Book review by Lei Shenghong [7191 5116 1347]]

[Text] Opening to the outside world and invigorating the domestic economy is one of the basic policies formulated by the party and state. The book "Tianjin--Moving Toward the Outside World" reflects the results and experiences of reform and accords with the demands of the new situation. It plays a positive role in promoting the reform and opening up of Tianjin municipality.

Tianjin municipality is one of our nation's three large cities which are directly administered by the central government. It is rich in natural resources and is an important comprehensive industrial base for our nation. It has a well-equipped seaport and a land and sea transport network which links up all sides. It has a strong industrial base and is quite well equipped in terms of scientific and technological strengths. It has wide connections with the hinterland and both its domestic and international economic relations are wide-ranging. Also, its basic urban facilities and tourist service facilities are being daily improved. Under the guidance of the policy of opening up to the outside world and enlivening the domestic economy, Tianjin municipality, as one of the 14 open coastal cities, is bringing into play its own superiorities and is pushing forward in a brand-new way along the road of the four modernizations.

In order to further promote the urban reforms of Tianjin municipality, Tianjin and RED FLAG magazine have jointly edited "Tianjin--Moving Toward the Outside World." It is one volume of the "Collection on China's Urban Reforms" being published by RED FLAG. This book uses vivid language and elegant photographs to truly, concretely, and accurately reflect the results achieved in all areas of building socialist material civilization and spiritual civilization since the 3d Plenary Session of the 11th CPC Central Committee. It also shows the latent potential and development prospects on all fronts, and is a historical document worthy of close reading.

The book is divided into two parts--"General" and "Enterprise and Institutional Units."

Through accurate materials, statistical data and color photographs, the "General" section describes in a concise, strategic, and systematic way: the historical origin of Tianjin municipality's foreign economic relationships as well as the exceptional development conditions; the new developments and new achievements over the last few years in invigorating the domestic economy and opening up to the outside world; the situation and achievements over the last few years in readjusting the industrial structure in order to satisfy the needs of the people's lives and accord with the new situation of opening to the outside world; the development of domestic and foreign trade and financial undertakings; as well as the great achievements realized in science, education and cultural undertakings and in all aspects of urban construction. It draws a reliable blueprint of development prospects brimming with hope.

The "Enterprise and Institutional Units" section of the book is quite lengthy and introduces some representative enterprise units and institutional units. Tianjin municipality is a large city with a population of 8 million. It has close to 5,000 industrial enterprises and, if the units in other professions and trades are included, the figure exceeds 10,000. The "Enterprise and Institutional Units" section introduces 246 of these units. They all have a representative nature and development potential. They are the backbone force in promoting reform and in opening up. This section introduces the basic situation of these units, with full and accurate details and rich reference materials.

This book has definite documentary value and value as reference material. For those domestic and foreign experts who wish to understand and study Tianjin municipality, this book supplies correct and reliable material and data. At the same time, because there was careful investigative research done during the compilation of the book, it correctly reflects the history and present situation of various fronts in Tianjin. It can also supply a lot of information and intelligence to those people both in China and abroad who are involved in the same business or who are just interested in carrying out economic and technological cooperation or scientific and cultural interflow with the various industries, factories, and departments in Tianjin.

The major leading cadres of Tianjin municipality have paid attention to and supported the publication of this book. The mayor, Li Ruihuan, wrote the foreword and Tan Shaowen, deputy secretary of the municipal CPC committee, was chief editor. For the convenience of foreign friends, the book has both Chinese and English texts. The printing is fine, the layout appealing, and the binding excellent. It is rich in both text and illustrations, and there are over 480 color plates. It is an exquisite work of art and souvenir and thus, after reading it, people will have a beautiful piece of art to admire.

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